

ARIZONA STATE RETIREMENT SYSTEM

3300 North Central Avenue, Suite 1300

Phoenix, Arizona 85012

The 46th
Comprehensive Annual Financial Report
of the
Arizona State Retirement System
A Component Unit
of the
State of Arizona
For the Year Ended June 30, 1999

Karl L. Polen, Jr.

Chairman

Arizona State Retirement System Board

James A. Jenkins

Vice Chairman

Arizona State Retirement System Board

Report prepared by the Arizona State Retirement System Staff

LeRoy Gilbertson

Director

ARIZONA STATE RETIREMENT SYSTEM

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November 20, 1999

The Honorable Jane Hull
Governor of Arizona
State Capitol
Phoenix, Arizona 85007

Dear Governor Hull:

On behalf of the Arizona State Retirement System Board, it is my pleasure to present you the 46th Comprehensive Annual Financial Report ("CAFR") of the Arizona State Retirement System ("ASRS"). This CAFR includes pertinent financial statements, investment information, actuarial data, and statistical data. The CAFR also includes ten-year summaries of a variety of indicators that affect or reflect ASRS operations.

The actuarial valuation performed by Watson Wyatt Worldwide at June 30, 1998 indicated that the ASRS, through proper management and prudent investment practices, maintained a fully-funded status throughout the year. During the fiscal year ended June 30, 1999, the total rate of return on investments was 16.8 percent

The 1998-99 fiscal year employer and employee contribution rates were both 2.85 percent. The actuarially recommended rates for 1999-2000 fiscal year employer and employee, as determined by Watson Wyatt Worldwide, are both 2.17 percent.

Respectfully submitted,

Karl L. Polen
Chairman
Arizona State Retirement System Board

November 20, 1999

Mr. Karl L. Polen, Jr., Chairman
Arizona State Retirement System Board
3300 North Central Avenue
Phoenix, Arizona 85012

Dear Mr. Polen:

I am pleased to present the 46th Comprehensive Annual Financial Report (“CAFR”) of the Arizona State Retirement System (“ASRS”), a Component Unit of the State of Arizona, for the fiscal year ended June 30, 1999. Title 38 of the Arizona Revised Statutes requires the ASRS Board to submit an annual report to the Governor and the Legislature within eight months of the close of each fiscal year. This report complies with all legal requirements governing the preparation and content of annual reports.

This CAFR consists of five sections. The Introductory Section includes the Board Chairman’s letter to the Governor, this Letter of Transmittal, our Government Finance Officers Association (“GFOA”) Certificate of Achievement for Excellence in Financial Reporting Award for last year’s report, a summary of the ASRS administration structure, a list of consultants providing service to the ASRS, an organizational chart of the Agency, and a summary of the 1999 retirement legislation. The Financial Section includes the Independent Auditors’ Report, the ASRS combined financial statements, and supplemental schedules. The Investment Portfolio Section presents a listing of ASRS investments as well as supplemental schedules. The Actuarial Section includes the independent consulting actuary’s certification statement, a summary of benefit provisions, the results of the most recent actuarial valuation, the ASRS financing objective, and general actuarial information. The Statistical Section includes information concerning the membership, benefit payments, and additional financial data. The management of the ASRS is responsible for the information presented in the CAFR.

History and Overview

The ASRS was created in 1953 to provide defined contribution retirement benefits to employees of state, university, and political subdivisions in Arizona. Arizona teachers voted to join ASRS in 1954, effective January 1, 1955. In 1970, the state legislature authorized the creation of a defined benefit plan contingent upon the election to transfer at least 70 percent of ASRS membership. More than 80 percent voted to transfer to the “plan” effective July 1, 1971.

At the end of fiscal year 1998-99, total ASRS membership, including active, inactive, and retired members is nearly 295,000, and the number of ASRS employer members is 428, including school districts, state colleges and universities, and local, county and state governments.

In addition to pension benefits, the ASRS provides a health insurance premium benefit and sponsors medical and dental coverage for retired members. Active members receive long-term disability insurance coverage equal to two-thirds of pay at the time of disablement.

The ASRS staff provides administrative support to the ASRS Board to carry out the ASRS statutory mandates. More than 56,000 retired annuitants, their survivors, and disabilitants receive a monthly benefit totaling in excess of \$50 million. More than 32,000 retired members are enrolled in the ASRS sponsored medical or dental plans.

Fiscal Year 1999 Developments

ASRS Board members are appointed for three-year terms by the Governor and confirmed by the Arizona State Senate. Four members of the Board must have a minimum of ten years investment experience. There is no limit on the number of terms that a Board member may serve. During the 1998-99 fiscal year, there were no changes in Board membership. The following Board members were reappointed to terms that expire on January 21, 2002:

- James Bruner
- Dr. Merlin K. Duval
- James Jenkins

During the 1998-99 fiscal year, the ASRS implemented the following legislative mandates that required significant staff commitment:

- An enhanced refund program, which entitles non-retired members who leave the system to refund from 25% to 100% of the employer contributions depending on their years of service at departure.
- A permanent increase in the retirement formula multiplier from 2.0% to 2.1%.

These and other legislative changes are summarized elsewhere in this report.

In addition, during the 1998-99 fiscal year, the ASRS accomplished the following:

- Established a program to survey members on an ongoing basis to measure overall satisfaction and satisfaction with individual services.
- Instituted a salary administration plan that ties salary increases to individual performance and overall member satisfaction.
- Continued to expand and/or create performance measurement systems that will track and report on service levels versus service objectives.
- Continued to expand and/or create quality review systems to ensure the accuracy of information sent to members.
- Completed and implemented the demographics module of ASRS' new computer database, PERIS (Public Employees Retirement Information System). This module provides the environment needed to migrate from multiple computer applications to one main database for all services.
- Analyzed the need for future telephone upgrades and made preparations accordingly. Future upgrades to the telephone center will allow the ASRS to fully integrate the Tucson office and health insurance vendors into the call center and will provide the technology needed to link the call center with future computer applications.
- Expanded the service purchase program to allow purchase by payroll deduction.
- Produced an award-winning Member Handbook, quarterly newsletter, and employer reference manual.
- Implemented the first ASRS Web Site – www.asrs.state.az.us.

Year 2000

Considering the scope of the Year 2000 challenge, the ASRS realized the need to facilitate and coordinate ASRS' efforts in addressing this issue. In July 1994, the ASRS began planning the redevelopment and execution of its entire information system. This effort is known as PERIS – Public Employee Retirement Information System. For purposes of analysis, PERIS identified the mission critical applications and grouped these ASRS systems into categories addressing project management, awareness, assessment, remediation and testing.

The ASRS created a Year 2000 task force to ensure that a collaborative approach was used to reduce duplicative work efforts across divisions, to provide a mechanism to identify Year 2000 issues, and to develop generalized solutions to the extent possible. Key to project management was the establishment of the Year 2000 project plan.

The key management activities included establishing the Year 2000 program management structure, developing and implementing guidelines and procedures to manage this program, and monitoring the Year 2000 activities ensuring timelines are met and procedures are followed.

The ASRS continues to put forth every effort to ensure that systems, both internal and those of ASRS vendors, maintain the same high standards of benefit processing currently in place through the Year 2000 and forward. See page 31 for additional information.

Economic Conditions and Outlook

The U.S. economy continued its current, lengthy expansion over the course of the year. Growth was high in the summer months of 1998 with Gross Domestic product (“GDP”) rising at an annual rate of 3.7 percent from the prior quarter’s 1.8 percent. This performance, while still above the Federal Reserve’s approximate target rate of 3 percent, did not cause the central bank’s policy makers to raise interest rates. To the contrary, events in overseas markets, and specifically the default by the Russian Federation on its sovereign debt, led the Federal Reserve to cut the federal funds rate by 25 basis points to 5 ¼ percent at its September 29, 1999 meeting.

Financial Information

The management of the ASRS is responsible for maintaining a system of adequate internal controls. The system of internal controls at the ASRS is designed to provide reasonable assurance that the assets of the ASRS are protected, that financial transactions are executed in accordance with State policy and statute, assuring management’s responsibility to the retirement fund, and to facilitate the timely preparation of financial statements in accordance with generally accepted accounting principles.

Additions and Deductions

The monies necessary to finance the payment of retirement benefits are accumulated through investment earnings on the ASRS’s assets and employer and employee contributions. The primary expenses of the ASRS are the payment of retirement and disability benefits to beneficiaries, the refund of contributions to former members and the cost of administering the ASRS.

The following table shows the principal ASRS revenues and expenses for fiscal years 1998 and 1999, in millions of dollars:

	Fiscal Year 1999	Fiscal Year 1998	Change	Percentage Change
Additions Type:				
Employee contributions	\$ 179	\$ 177	\$ 2	1.1 %
Employer contributions	179	177	2	1.1 %
Member reimbursements	46	15	31	206.7 %
Investments and other income	<u>2,914</u>	<u>3,456</u>	<u>(542)</u>	<u>(15.7)%</u>
Total	<u><u>\$3,318</u></u>	<u><u>\$3,825</u></u>	<u><u>\$ (507)</u></u>	<u><u>(13.3)%</u></u>
Deductions Type:				
Benefits	\$ 714	\$ 653	\$ 61	9.3 %
Refunds	26	30	(4)	(13.3)%
Investment management fees	18	15	3	20.0 %
Security loan	42	30	12	40.0 %
Administration	12	9	3	33.3 %
Other	<u>10</u>	<u>9</u>	<u>1</u>	<u>11.1 %</u>
Total	<u><u>\$ 822</u></u>	<u><u>\$ 746</u></u>	<u><u>\$ 76</u></u>	<u><u>10.2 %</u></u>

For the 1999 fiscal year, the administrative expenses of the ASRS were controlled through two primary mechanisms. The general operating budget was appropriated by the Legislature, and the Board approved certain statutorily prescribed expenses (including investment expenses and long-term disability administrative costs).

Funding Status

A statutory change effective in 1998 requires that an actuarial valuation be performed only following even-numbered years, rather than annually. This biannual valuation recommends contribution rates for a two-year period. The next actuarial valuation will be performed following the fiscal year ending June 30, 2000.

Any excess of additions over deductions is accumulated by the ASRS in order to meet future benefit obligations when due. According to the actuarial valuation as of June 30, 1998, the actuarial present value of the assets of the ASRS was \$16.168 billion. (This value includes an asset valuation method upward adjustment of \$121.3 million from the book value of the assets.) This figure corresponds to the calculated actuarial accrued liabilities of \$13.638 billion. Thus, the asset side of the actuarial balance sheet exceeds the amount of the actuarial liabilities by \$2.530 billion. A detailed discussion of funding is provided in the Actuarial Section of this report. Funding status and progress for the ASRS based on the most current valuation is presented in the required supplementary information, Schedule of Funding Progress, on page 33.

External and internal investment managers, under guidelines established by the ASRS Board, invest the assets of the ASRS. The selection and termination of the investment managers are approved by the ASRS Board. The statutes governing the investment of ASRS assets include a variety of limitations on the classes and percentage amount of the assets held by the ASRS and establish a standard of investment activity consistent with the "prudent expert" rule. In addition, the ASRS Board has adopted a series of specific instructions for investment management activities.

ASRS Funds

As of June 30, 1999, the fair value of the ASRS funds (includes retirement, health benefits, and long-term disability funds) was \$22.4 billion. According to statutory restrictions, no more than 80 percent of the fund may be allocated to domestic and international equity securities. No more than 20 percent of the fund may be allocated solely to international equity securities.

During the fiscal year ended June 30, 1999, the ASRS funds remained broadly diversified with investments in domestic and international equities, domestic fixed income, and cash equivalent securities.

As of June 30, 1999, the ASRS funds consisted of 56.2 percent domestic equity securities, 29.7 percent domestic fixed income securities including mortgages and short-term investments, and 14.1 percent international equity securities.

During the fiscal year 1998-1999, the ASRS funds returned 16.8 percent. The combined fixed income investments returned 2.9 percent versus the Lehman Brothers Aggregate Bond Index of 3.1 percent. The domestic equity securities returned 22.8 percent matching the 22.8 percent return for the Standard & Poor's 500 Equity Index. The international equity investments returned 14.1 percent versus 7.9 percent for the Morgan Stanley Capital International Europe, Australia, and Far East Gross Index.

November 20, 1999
Mr. Karl L. Polen, Jr.
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The biennial actuarial valuation indicates that the ASRS is well funded and fully capable of meeting all present and projected expenditure requirements.

Other Information

An independent accounting firm audited the financial statements contained in this CAFR. The auditors' report for this year is unqualified, which is the best designation attainable. It means that in the opinion of our independent auditor, our financial statements present fairly, in all material respects, the financial position of the ASRS for the period under audit and the results of its operations for that period are in conformity with generally accepted accounting principles.

The Government Finance Officers Association ("GFOA") awards the highest recognition achievable for financial reporting for state and local governments. The ASRS has received the GFOA Certificate of Achievement for Excellence in Financial Reporting in each of the last 11 years. We believe that this year's report also conforms to the requirements for the certificate and we will, therefore, be submitting it to the GFOA for consideration.

This report reflects the efforts of the many dedicated ASRS employees under the direction of the ASRS Board. It is intended to provide complete and reliable information for decision making, to insure compliance with legal requirements, and is a means of measuring the responsible stewardship of the assets of the ASRS.

I would like to express my gratitude to my staff, the ASRS Board and the many other individuals who have been instrumental in maintaining the quality of service and performance which has become the standard for the ASRS.

Respectfully submitted,

LeRoy Gilbertson
Director

{GFOA AWARD PAGE}

ARIZONA STATE RETIREMENT SYSTEM

ADMINISTRATIVE ORGANIZATION

RETIREMENT BOARD MEMBERS

Karl L. Polen, Jr., Chairman, Public, Sun Lakes (Member since May 1995)
James A. Jenkins, Vice Chairman, Local Government, Scottsdale (Member since June 1995)
Merlin K. DuVal, Retirees, Phoenix (Member since January 1993)
Ray Rottas, Public, Paradise Valley (Member since July 1993)
Chuck Essigs, Educator, Mesa (Member since May 1995)
David Borg, State Employee, Phoenix (Member since March 1997)
James Bruner, Public, Scottsdale (Member since January 1998)
Alan Maguire, At-Large, Phoenix (Member since January 1998)
Norman Miller, Public, Phoenix (Member since March 1998)

SENIOR STAFF

LeRoy Gilbertson, Director
Anthony Guarino, Deputy Director – Internal Operations
Tom Aughterton, Deputy Director – External Operations
Richard Beissel, Assistant Director – Financial Services
Donna Buelow, Assistant Director – Member Services
Kent Smith, Assistant Director – Information Services
Paul Matson, Investment Manager
Bernard Glick, Internal Auditor
Fred Stork, Legal Counsel

PROFESSIONAL CONSULTANTS

Actuary

Watson Wyatt Worldwide, Dallas, TX

Benefits

Fortis Benefits Insurance Co., Kansas City, MO
The Segal Company, Phoenix, AZ

Custodial Bank

Mellon Trust, Pittsburgh, PA

Independent Auditors

Deloitte & Touche LLP, Phoenix, AZ

Investment Advisors

Callan Associates, Inc., San Francisco, CA
William M. Mercer Asset Planning, Inc., Los Angeles, CA

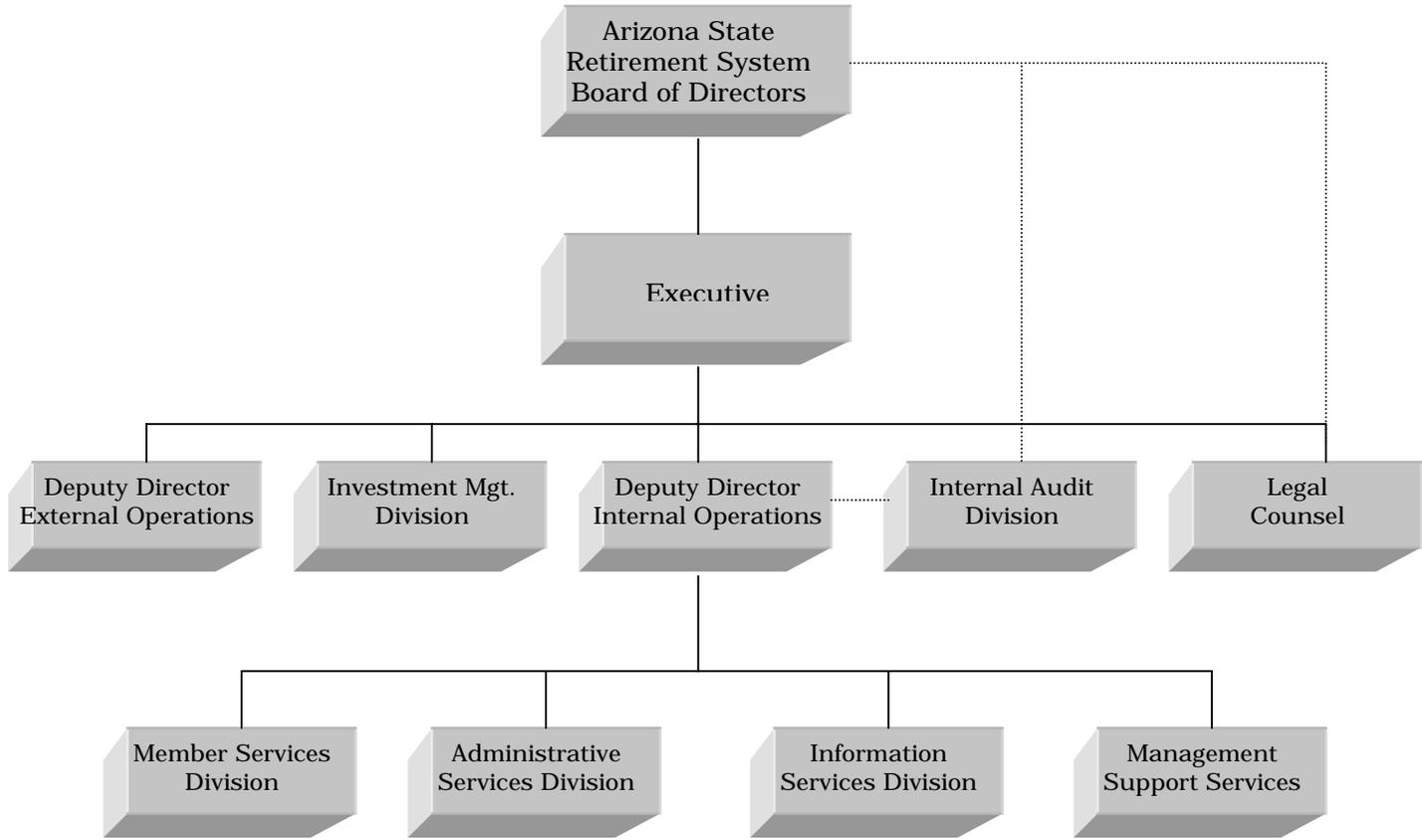
ARIZONA STATE RETIREMENT SYSTEM

Investment Managers

Axe-Houghton Associates, Inc., Rye Brook, NY
Bank of Ireland Asset Management U.S. Ltd., Santa Monica, CA
Bank One, Arizona, NA, Phoenix, AZ
Barclays Global Investors, San Francisco, CA
Blackrock Financial Management, New York, NY
Brandes Investment Partners, L.P., San Diego, CA
Brandywine Asset Management, Wilmington, DE
Capital Guardian Trust Co., Los Angeles, CA
Dimension Fund Advisors, Santa Monica, CA
J.P. Morgan Investment Management, Inc., New York, NY
Mellon Capital Management Corp., San Francisco, CA
Mellon Equity Associates, Pittsburgh, PA
Phoenix Investment Partners (formerly Duff & Phelps), Chicago, IL
Valley Ventures, L.P., Scottsdale, AZ

Arizona State Retirement System

Organizational Chart



ARIZONA STATE RETIREMENT SYSTEM

SUMMARY OF 1999 RETIREMENT LEGISLATION

The first Regular Session of the 45th Legislature considered 18 bills directly or indirectly affecting the benefit programs and operations of the Arizona State Retirement System (ASRS). Nine bills passed the Legislature and were signed by the Governor.

The Arizona State Senate confirmed the reappointment of Dr. Merlin K. DuVal, James D. Bruner, and James A. Jenkins to the ASRS Board for terms ending January 21, 2002.

CHAPTER 35 (SB 1036) Allows blind or otherwise handicapped employees of the Department of Economic Security to participate in the ASRS.

Chapter 66 (SB 1300) Allows members of the ASRS defined contribution program who chose a joint and survivor option to annuitize the 13th check for the contingent annuitants. No 13th checks are annuitized after the death of the member.

Chapter 121 (SB 1012) Permits a member who has reverted to a straight life annuity to name a new contingent annuitant. The joint and survivor option for the new contingent annuitant shall be the same as the previous one, and the new contingent annuitant shall be subject to the actuarial equivalent for the option chosen.

Chapter 146 (SB 1291) Increases the amount of credited service a member participating in the ASRS Long Term Disability (LTD) program can accrue from 25 years to 30 years

Chapter 174 (SB 1035) Amends the excess earnings benefit increase provisions to lower the threshold for activation from 9% of the increase in assets to 8%; eliminates the use of the Consumer Price Index (CPI), and increases the maximum percentage limit from 3% to 4%.

Chapter 260 (SB 1087) Allows game and fish employees presently covered by the Public Safety Personnel Retirement System (PSPRS) to pay back monies previously erroneously refunded to them with interest at 3% compounded annually. Their accounts will then be transferred to the PSPRS.

Chapter 266 (SB 1170) Provides the legislative measures needed to carry out the terms of the settlement that has been reached between Burke and the State subject to approval by the courts and the Internal Revenue Service.

Chapter 327 (SB 1083) The more important issues are:

- Increases the retirement formula multiplier from 2.0% to 2.1% effective July 1, 2000;
- Provides a 5% increase for all members retired before July 1, 2000;
- Establishes a 2% minimum contribution rate to be instituted for employers and employees effective July 1, 2000;

ARIZONA STATE RETIREMENT SYSTEM

- Establishes an enhanced refund program effective August 6, 1999. A member who terminates service after attaining at least five years of credited service shall receive a portion of the employers contribution as well as the member's contribution on the following schedule:
 - (a) 5.0 to 5.9 years of credited service, twenty-five per cent.
 - (b) 6.0 to 6.9 years of credited service, forty per cent.
 - (c) 7.0 to 7.9 years of credited service, fifty-five per cent.
 - (d) 8.0 to 8.9 years of credited service, seventy per cent.
 - (e) 9.0 to 9.9 years of credited service, eighty-five per cent.
 - (f) 10.0 or more years of credited service, one hundred per cent.
- An employee must qualify through work for one ASRS employer to be eligible for membership in the ASRS. Work by a member for another ASRS employer will be included in the definition of compensation;
- Requires that the Board meet at least annually with each of the investment managers;
- Exempts the ASRS from the state purchasing code for the purpose of contracting with the New York Stock Exchange (NYSE) and other exchanges for the receipt of market data and information; Provides that a member who receives an overpayment via a refund of contributions must repay the overpayment plus interest at the interest rate earned on investments for the period, but not less than the rate set by the Board from the time of overpayment to repayment;
- Restricts the purchase of service credit based on other public service to service with the United States government, a state of the United States or a political subdivision of a state, and removes the requirement that the service be covered by a retirement system;
- Allows an employee called to active military service to make contributions on a pretax basis for the purchase of service after the four years paid for by the employer;
- Allows accrual of the interest paid on a survivor benefit on the death of a non-retired member through the day of payment to the beneficiary;
 - A member who receives a lump sum payment for benefits may continue to be eligible for the ASRS group health insurance or health insurance premium benefit programs if otherwise qualified;
 - Allows a member who has achieved a normal retirement date and is working less than the requirements for active membership in the ASRS to retire without terminating employment;
- Provides that a member of the System within the ASRS whose retirement benefit was suspended upon the return to work will have the benefit recomputed after retirement to take into consideration retirement benefits previously paid, and interest and supplemental credits distributed during the period of post retirement employment;
- Eliminates preexisting conditions under the LTD program for employees of an ASRS employer if those employees have been with the employer for at least 12 continuous months. Retroactive to June 30, 1996;
- Permits inactive ASRS members who transferred to an optional retirement program established by the Board of Regents to withdraw or roll over the member and employer contributions, plus interest on both, if the inactive member has terminated employment or has attained a normal retirement date;

ARIZONA STATE RETIREMENT SYSTEM

- Requires a member who receives an overpayment via a refund of contributions to repay the overpayment plus interest at the interest rate earned on investments for the period, but not less than the rate set by the Board from the time of overpayment to repayment.

Chapter 329 (SB 1238) Establishes an optional defined contribution plan (DC plan) administered by the PSPRS Fund Manager for elected state officials who are subject to term limits and for non merit system state employees, commencing December 1, 2000. Contributions to the DC plan shall be 2.66% for employers and employees. The ASRS shall transfer the actuarial accrued liability of the member's account, as computed by the Fund Manager, to the DC plan. Vesting will occur after one year. The bill also establishes a money purchase retirement plan in the State's Deferred Compensation Program for elected state officials with term limits and legislative staffs. It provides that the state will make a 5% contribution to the money purchase program. There is no provision for transfer of employee contributions from the ASRS to this new program

THE ARIZONA STATE RETIREMENT SYSTEM COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITORS' REPORT

Arizona State Retirement System Board
Auditor General of the State of Arizona
Phoenix, Arizona

We have audited the accompanying combined financial statements of the Arizona State Retirement System ("ASRS") as of June 30, 1999 and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the ASRS. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the ASRS as of June 30, 1999, and the changes in its financial position for the year then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 31 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the ASRS is or will become year 2000 compliant, that the ASRS' year 2000 remediation efforts will be successful in whole or in part, or that parties with which the ASRS does business are or will become year 2000 compliant.

The Introductory Section, Actuarial Section, Statistical Section and Investment Portfolio Section listed in the foregoing table of contents are also presented for purposes of additional analysis and are not a required part of the combined financial statements. Such additional information has not been subjected to the auditing procedures applied in our audit of the combined financial statements and, accordingly, we express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 1999 on our consideration of the ASRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

November 20, 1999

ARIZONA STATE RETIREMENT SYSTEM

COMBINED STATEMENTS OF PLAN NET ASSETS JUNE 30, 1999 WITH COMPARATIVE TOTALS FOR 1998

	Retirement	Health Benefit Supplement (Note 8)	Long-Term Disability (Note 8)	Combined June 30,	
				1999	1998
ASSETS					
Cash (Note 3)	\$ 2,723,567	\$ 342,933		\$ 3,066,500	\$ 2,541,070
RECEIVABLES:					
Accrued interest and dividends	52,671,968	1,970,646	\$ 288,071	54,930,685	48,028,524
Securities sold (Note 3)	96,754,748	3,619,941		100,374,689	14,090,130
Forward contract receivable (Note 5)	99,280,721	3,714,448		102,995,169	19,189,321
Contributions (Note 7)	5,405,436	1,437,029	1,135,711	7,978,176	8,589,682
Miscellaneous receivables	732,035	27,388		759,423	587,368
Total receivables	254,844,908	10,769,452	1,423,782	267,038,142	90,485,025
INVESTMENTS AT FAIR VALUE (Notes 3, 4 and 5):					
Temporary investments	1,573,267,626	58,861,562	71,344,273	1,703,473,461	1,200,535,616
U.S. government obligations	3,360,121,743	125,714,158		3,485,835,901	3,337,037,896
Corporate bonds	2,451,152,587	91,706,374		2,542,858,961	1,680,103,482
Common and preferred stocks	15,173,380,236	567,690,358		15,741,070,594	14,652,364,278
Valley Ventures	73,276	2,742		76,018	198,166
Real estate mortgages and contracts	247,996,908	9,278,450		257,275,358	254,885,191
Total investments	22,805,992,376	853,253,644	71,344,273	23,730,590,293	21,125,124,629
TOTAL ASSETS	23,063,560,851	864,366,029	72,768,055	24,000,694,935	21,218,150,724
LIABILITIES:					
Payable for securities purchased (Note 3)	362,962,949	13,579,741		376,542,690	512,065,818
Payable for securities lending collateral (Note 4)	1,051,160,269	39,327,661		1,090,487,930	756,889,229
Forward contracts payable (Note 5)	98,466,540	3,683,985		102,150,525	19,029,345
Other	955,247	15,623	3,461,256	4,432,126	418,246
Total liabilities	1,513,545,005	56,607,010	3,461,256	1,573,613,271	1,288,402,638
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$21,550,015,846	\$807,759,019	\$69,306,799	\$22,427,081,664	\$19,929,748,086

(A Schedule of Funding Progress is presented on page 33)

The accompanying notes are an integral part of these statements.

ARIZONA STATE RETIREMENT SYSTEM

COMBINED STATEMENTS OF CHANGES IN PLAN NET ASSETS

YEAR ENDED JUNE 30, 1999 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

	Retirement	Health Benefit Supplement (Note 8)	Long-Term Disability (Note 8)	Combined June 30,	
				1999	1998
ADDITIONS:					
Contributions:					
Member contributions (Note 7)	\$ 152,916,525		\$ 26,170,117	\$ 179,086,642	\$ 176,768,737
Employer contributions (Note 7)	86,707,230	\$ 66,209,288	26,170,117	179,086,635	176,768,738
Member reimbursements	46,170,568			46,170,568	15,461,646
Total contributions	<u>285,794,323</u>	<u>66,209,288</u>	<u>52,340,234</u>	<u>404,343,845</u>	<u>368,999,121</u>
Investment income:					
Market value appreciation	2,399,369,448	75,409,828		2,474,779,276	3,094,012,105
Interest	208,825,155	11,857,786	3,218,373	223,901,314	216,242,738
Dividends	149,523,934	4,699,391		154,223,325	105,134,763
Securities lending program (Note 4)	45,852,114	1,441,087		47,293,201	32,876,521
Real estate	8,175,063	256,934		8,431,997	8,206,895
Other	5,250,334	328,542		5,578,876	(70,500)
Total investment income	<u>2,816,996,048</u>	<u>93,993,568</u>	<u>3,218,373</u>	<u>2,914,207,989</u>	<u>3,456,402,522</u>
Less investment expenses:					
Investment management fees and monitor services	16,995,638	534,156		17,529,794	14,893,909
Securities lending interest expense (Note 4)	40,508,515	1,273,143		41,781,658	30,252,147
Real estate	6,374,845	200,355		6,575,200	6,053,352
Total investment expenses	<u>63,878,998</u>	<u>2,007,654</u>		<u>65,886,652</u>	<u>51,199,408</u>
Net investment income	<u>2,753,117,050</u>	<u>91,985,914</u>	<u>3,218,373</u>	<u>2,848,321,337</u>	<u>3,405,203,114</u>
Total additions	<u>3,038,911,373</u>	<u>158,195,202</u>	<u>55,558,607</u>	<u>3,252,665,182</u>	<u>3,774,202,235</u>
DEDUCTIONS:					
Retirement and disability benefits	627,612,050	34,935,156	39,839,055	702,386,261	642,009,583
Death benefits	11,484,518			11,484,518	10,557,739
Refunds to withdrawing members, including interest	26,108,152			26,108,152	29,769,046
Administrative expenses	10,176,348		2,057,214	12,233,562	9,443,857
Transfer to other retirement systems	1,008,726			1,008,726	1,667,571
Other	2,046,079	64,306		2,110,385	1,429,663
Total deductions	<u>678,435,873</u>	<u>34,999,462</u>	<u>41,896,269</u>	<u>755,331,604</u>	<u>694,877,459</u>
NET INCREASE	2,360,475,500	123,195,740	13,662,338	2,497,333,578	3,079,324,776
NET ASSETS HELD IN TRUST FOR					
PENSION BENEFITS – Beginning of year	<u>19,189,540,346</u>	<u>684,563,279</u>	<u>55,644,461</u>	<u>19,929,748,086</u>	<u>16,850,423,310</u>
NET ASSETS HELD IN TRUST FOR					
PENSION BENEFITS – End of year	<u>\$21,550,015,846</u>	<u>\$807,759,019</u>	<u>\$69,306,799</u>	<u>\$22,427,081,664</u>	<u>\$19,929,748,086</u>

The accompanying notes are an integral part of these statements.

ARIZONA STATE RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 1999

1. DESCRIPTION OF THE SYSTEM

Organization

The Arizona State Retirement System (“ASRS”) is a cost-sharing, multiple-employer, public employee retirement system established by the State of Arizona to provide pension benefits for employees of the State and employees of participating political subdivisions and school districts. The ASRS is administered in accordance with Title 38, Chapter 5 of the Arizona Revised Statutes (“A.R.S.”).

The ASRS administers the Arizona State Retirement System and the Arizona State Retirement Plan (the “Plan”). The Arizona State Retirement System was established by the Arizona Legislature in 1953 to provide retirement and other benefits for state employees and teachers, together with employees of political subdivisions that elected coverage. In 1943, the Legislature had established the Arizona Teachers’ Retirement System (the “Teachers’ System”) to provide benefits for teachers. After the establishment of the Arizona State Retirement System, teachers who were, or later became, eligible through employment to be covered by the Arizona State Retirement System were transferred to the Plan. The Teachers’ System then became inactive, except for continuation of retirement benefits already being paid and obligations to teacher members who did not become eligible for the Arizona State Retirement System.

The Plan, enacted by the Legislature in 1970, became effective July 1, 1971. Effective July 1, 1981, all nonretired members of the Arizona State Retirement System became members of the Arizona State Retirement Plan as prescribed by Laws of 1980, Chapter 238.

A.R.S. 38-783 and A.R.S. 38-797 require separate accounts be established for health insurance premium benefits and long-term disability benefits, respectively. Effective July 1, 1995, the Arizona State Retirement System has established an account for each benefit program and has reported those funds in the combined financial statements.

Reporting Entity

The financial statements of the ASRS include the financial activities of all the above funds. A Retirement Board (the “Board”), appointed by the Governor and confirmed by the Arizona State Senate, manages the ASRS.

After first obtaining Federal Social Security coverage for its employees, an employer may then elect to cover its employees under the ASRS. Once retirement coverage is obtained, all employees who qualify as participants, with the exception of those eligible for other state retirement programs, are required to become contributing members of the Arizona State Retirement Plan.

ARIZONA STATE RETIREMENT SYSTEM

Contributions

Participating employers and their employees contribute percentages of their salaries for retirement annuities and survivor annuities in accordance with Arizona Revised Statutes. The laws of 1998, Chapter 238, are applicable for the plan year beginning July 1. Contributions are excluded from gross income for federal and state income tax purposes. Contributions are collected by employers and remitted to the Plan. Contributions earn interest at the rate of 8 percent per annum.

The ASRS laws allow the purchase of eligible service credit for which no benefit could be paid by another qualified plan. Purchasable services include active duty military service, other qualified plan service and refunded service.

At June 30, 1999 and 1998, the number of participating employers and employees totaled:

	1999	1998
EMPLOYER UNITS:		
School districts	221	218
Charter schools	79	62
Cities and Towns	62	61
Counties	14	14
Special districts	41	34
Community college districts	10	10
State government	<u>1</u>	<u>1</u>
Total	<u><u>428</u></u>	<u><u>400</u></u>
EMPLOYEE MEMBERS:		
Retirees	51,119	51,323
Beneficiaries	3,663	3,657
Terminated Employees entitled to future benefits	60,365	58,857
CURRENT EMPLOYEES:		
Fully vested*	<u>179,743</u>	<u>170,864</u>
TOTAL	<u><u>294,890</u></u>	<u><u>284,701</u></u>

* Plan members are deemed fully vested when retirement contributions are made.

Benefits

The Arizona State Retirement Plan provides benefits under formulas and provisions described in the law. Benefits and Administrative expenses are paid from funds contributed by members and employers and from earnings on the invested funds.

ARIZONA STATE RETIREMENT SYSTEM

The Plan provides for retirement, disability, health insurance premium benefits, and death and survivor benefits.

Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit, which is established on a fiscal year basis (July 1 to June 30). Members are eligible for full retirement benefits on (A) their 65th birthday, (B) their 62nd birthday and completion of at least ten years of credited service, or (C) the first day that the sum of their age plus total credited service equals 80. The benefit is based on a percentage of average monthly compensation (2% through June 30, 2000; 2.1% effective July 1, 2000) multiplied by the years of service credit. Average monthly compensation is defined as the period of 36 consecutive months during which a participant receives the highest compensation within the last 120 months of service during which the employee made retirement contributions as required by law. The compensation does not include lump sum payments on termination of employment for accumulated vacation or annual leave, sick leave, compensatory time or any other form of termination pay. Members who began participation in the Plan prior to January 1, 1984, may choose to have average monthly compensation determined upon the period of 60 consecutive months during which the member receives the highest compensation within the last 120 months of service, including lump sum payments as described above. Persons who attain age 50 with at least five years of total credited service may take an early retirement, which entitles them to a reduced retirement benefit.

Effective July 1, 1988, members of the Plan are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to 66-2/3 percent of the monthly rate of compensation. A participant continues to earn service credit not to exceed 25 years of service credit during the period of disability.

The Retiree Group Insurance Program offers health insurance coverage for retired and disabled members who are no longer eligible for coverage administered by their former member employers. Commencing January 1, 1989, retired and disabled members of the ASRS and Plan became eligible for a health insurance premium subsidy benefit. A detailed explanation of both programs is presented in the additional benefits section (Note 8).

Termination

Upon termination of employment, member contributions made to the Plan, plus accrued interest at 8 percent compounded monthly per annum, are refundable. Effective August 6, 1999 members may be eligible to receive a percentage of employer contributions to the plan based on years of service prorated as follows:

- 5 to 5.9 years of service receives 25% of employer contributions
- 6 to 6.9 years of service receives 40% of employer contributions
- 7 to 7.9 years of service receives 55% of employer contributions
- 8 to 8.9 years of service receives 70% of employer contributions
- 9 to 9.9 years of service receives 85% of employer contributions

ARIZONA STATE RETIREMENT SYSTEM

- 10 or more years of service receives 100% of employer contributions

Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefits in the Plan; however, state law provides for reinstatement of a member's forfeited service upon repayment of the accumulated contributions plus interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. *Basis of Accounting* – The financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred and revenues are recorded in the accounting period in which they are earned and become measurable. Employee contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Contributions from employees and employers for service through June 30 are accrued. These contributions are considered to be fully collectible and, accordingly, no allowance for uncollectible receivables is reflected in the financial statements.

Investment income is recognized when earned and benefit payments and refunds and other expenditures are recorded when incurred.

- b. *Investments* – Investments include U.S. Government and government agency obligations, real estate, commercial mortgages, corporate bonds and equity obligations. Investments are reported at fair value.

Security transactions and any resulting gains or losses are accounted for on a trade date basis.

Investments other than real estate and commercial mortgages are reported at fair values determined by the custodial agents. The agent's determination of fair values includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates.

Commercial mortgages have been valued on an amortized cost basis, which approximates fair value. No allowance for loan loss has been provided as all loans are considered by management to be fully collectible. Short-term investments are reported at cost, which approximates fair value. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk.

Net investment income includes net appreciation in the fair value of investments, interest income, dividend income and total investment expense, which includes investment management and custodial fees and all other significant investment related costs.

- c. *Fixed Assets* – The ASRS does not record property and equipment (principally office furniture and fixtures) as assets, but includes the cost of such items in administrative expenditures in the year purchased due to the insignificant total cost.

ARIZONA STATE RETIREMENT SYSTEM

- d. *Federal Income Tax Status* – During the year ended June 30, 1999, the ASRS qualified under Section 401(a) of the Internal Revenue Code (IRC) and was exempt from federal income taxes under Section 501(a) of the IRC.
- e. *Use of Estimates* -The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- f. *Comparative Data* – The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the ASRS’s financial statements for the year ended June 30, 1998, from which the summarized information was derived.
- g. *Reclassifications* – Certain reclassifications were made to the 1998 amounts to conform to the classifications used in 1999.

3. CASH AND INVESTMENTS

Cash

At June 30, 1999 and 1998, the carrying amount of the ASRS’s cash deposits with financial institutions was \$3,066,500 and \$2,541,070, respectively, and the bank balance was \$1,861,985 and \$2,883,689, respectively. Of the bank balances for the years ended June 30, 1999 and 1998, \$200,000 was covered with federal depository insurance funds and \$1,661,985 and \$2,683,689, respectively, were collateralized with securities held by the pledging bank’s trust department in the ASRS’s name.

Investments

Statutes enacted by the Arizona State Legislature (the “Statutes”) authorize the ASRS to make investments in accordance with the “Prudent Expert” rule. Section A.R.S. 38-719 (B) of the Arizona Revised Statutes interprets the rule to be that Investment Management shall discharge the duties of their position with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with the same matters would use in conduct of an enterprise of a like character and with like aims as that of the system, subject to certain statutory limitations and restrictions. Within this broad framework, the ASRS has chosen to invest in short-term securities, obligations of the United States Government or agencies of the United States Government, corporate bonds, common and preferred stocks (Domestic and Foreign) and mortgages.

ARIZONA STATE RETIREMENT SYSTEM

The Statutes place the following restrictions on the ASRS's investment fund portfolio:

1. "No more than eighty percent of the ASRS's total assets may be invested at any given time in corporate stocks or equity equivalents, based on cost value of the stocks or equity equivalents irrespective of capital appreciation.
2. No more than five percent of the ASRS's assets may be invested in securities issued by any one institution, agency or corporation, other than securities issued as direct obligations of or fully guaranteed by the United States Government.
3. No more than five percent of the voting stock of any one corporation may be owned.
4. No more than twenty percent of the ASRS's assets (based on cost value of the total fund) may be invested in foreign securities, and such investments shall be made only by investment managers with demonstrated expertise in such investments.
5. No more than ten percent of the ASRS's assets may be invested in bonds or other evidences of indebtedness of those multinational development banks in which the United States is a member nation, including the International Bank for Reconstruction and Development, the African Development Bank, the Asian Development Bank, and the Inter-American Development Bank.
6. No more than one percent of the ASRS's assets may be invested in Economic Development Projects authorized as eligible for such investment by the Arizona State Department of Commerce."

The ASRS is responsible for the investment of temporary surplus funds which, by statute, can be invested only in obligations of the United States Government, agencies whose obligations are guaranteed by the United States Government and commercial paper or bankers' acceptances for a term not to exceed fifteen days.

GASB No. 3 requires government entities to categorize investments for the purpose of giving an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or collateralized with securities held by the ASRS or its agent in the name of the ASRS. Category 2 includes investments collateralized with securities held by the bank's trust department or agent in the name of the ASRS. Category 3 includes uncollateralized or collateralized investments for which the bank, bank trust department or agent holds the securities but not in the ASRS's name. The investments of the ASRS, to which GASB No. 3 categorization is applicable, meet the criteria for Categories 1 and 2. GASB No. 3 categorization does not apply to all types of investments.

ARIZONA STATE RETIREMENT SYSTEM

The fair value of investments was as follows:

	1999		1998	
	Category		Fair Value	Fair Value
	1	2		
Preferred and Common Stock – Domestic	12,527,551,294		\$ 12,527,551,294	\$11,838,916,141
Preferred and Common Stock – Foreign		2,757,254,720	2,757,254,720	2,700,350,616
U. S. Government Obligations	2,946,853,237		2,946,853,237	2,727,076,900
Corporate Obligations – Domestic	2,492,902,239		2,492,902,239	1,672,362,886
Corporate Obligations – Foreign		46,046	46,046	46,358
Convertible Bonds – Foreign				31,372
Foreign Currency		9,214,502	9,214,502	493,826
	<u>17,967,306,770</u>	<u>2,766,515,268</u>	<u>20,733,822,038</u>	<u>18,939,278,099</u>
Short-Term Investments*			1,694,258,959	1,200,041,790
Mortgages			215,448,358	206,192,191
Real Estate			41,827,000	48,693,000
Investments held by Broker/Dealers under Security Loan Program:				
U. S. Government			538,982,664	609,960,996
Corporate Obligations – Domestic			49,986,694	7,851,832
Convertible Bonds – Foreign				9,200
Preferred and Common Stock – Domestic			65,242,816	20,406,338
Preferred and Common Stock – Foreign			391,021,764	92,691,183
TOTAL INVESTMENTS AT MARKET VALUE	17,967,306,770	2,766,515,268	23,730,590,293	21,125,124,629
Obligations Under Security Loans			(1,090,487,930)	(756,889,229)
INVESTMENTS AT MARKET VALUE – NET	<u>17,967,306,770</u>	<u>2,766,515,268</u>	<u>\$ 22,640,102,363</u>	<u>\$20,368,235,400</u>

* Short-term Investments represent investable cash balances swept daily into the custodian bank's Short-Term Investment Fund which is comprised of various commercial paper and short-term government securities.

If available, quoted fair value prices have been used to value investments as of June 30, 1999 and 1998. Securities not having a quoted fair value have been valued on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of investments in foreign securities totaled \$3,157,537,032 and \$2,793,622,555 at June 30, 1999 and 1998, respectively, and are included in common and preferred stocks, corporate obligations and convertible bonds. Net foreign securities and currency market appreciation are included in determining net increase for the years ended June 30, 1999 and 1998 and are \$366,098,246 and \$142,953,154, respectively.

ARIZONA STATE RETIREMENT SYSTEM

Due to the flow of securities to and from transfer agents and the security lending program, securities occasionally cannot be delivered for a sale or received for a purchase, resulting in a “failed” transaction. Securities with trade dates in June and settlement dates in July result in “outstanding” transactions. Since these securities have contractually changed ownership, receivables and payables result from these transactions. Such transactions resulted in a receivable for securities sold of \$100,374,689 and \$14,090,130 and a payable for securities purchased of \$376,542,690 and \$512,065,818 at June 30, 1999 and 1998, respectively.

4. SECURITIES LENDING PROGRAM

Arizona Revised Statutes allow the ASRS to participate in a securities lending program. The ASRS’s custody bank enters into agreements with counterparts to loan securities and have the same securities redelivered at a later date. The ASRS currently receives as collateral at least 102 percent of the fair value of the loaned securities and maintains collateral at no less than 100 percent for the duration of the loan. Arizona statutes allow for other than cash collateral. The ASRS records the collateral received and the same amount as an obligation for securities on loan. Any cash collateral received is invested in short-term investments. The ASRS receives a negotiated fee for its loan activities. Investments made with cash collateral are classified as an asset on the Statements of Plan Net Assets. A corresponding liability is recorded as the ASRS must return the cash collateral to the borrower upon expiration of the loan. At June 30, 1999 and 1998, the ASRS had \$1,090,487,930 and \$756,889,229, respectively, outstanding as payable for securities on loan.

5. DERIVATIVES

Derivatives are instruments (securities or contracts) whose value is dependent on such things as stock or bond prices, interest rate levels, or currency exchange rates. ASRS Managers use derivatives to hedge currency risk, reduce transaction costs, obtain market exposure, and enhance returns.

The principal categories of derivatives employed and their uses during the year were as follows:

Category	Purpose
Foreign exchange forward contracts	Hedge currency risk of investment denominated in foreign currencies.
Futures	Reduce transaction costs; obtain market exposure; enhance returns.
SWAPS	Interest rate risk management; enhance returns.

ARIZONA STATE RETIREMENT SYSTEM

Generally, derivatives are subject to both market risk and counterparty risk. The derivatives utilized by ASRS Managers typically have no greater market risk than their physical counterparts, and in many cases are offset by exposure elsewhere in the portfolio.

The ASRS believes that it is unlikely that any of the derivatives used by its Managers could have a material adverse effect on the financial conditions of the ASRS.

6. FUNDING STATUS AND PROGRESS

Significant actuarial assumptions used include: (a) a rate of return on investment of present and future assets of 8 percent, compounded annually, (b) projected salary increases ranging from 4.50 percent to 9.50 percent per year, (c) rates of disability, (d) rates of withdrawal, (e) rates of retirement, (f) mortality rates – 1983 group annuity mortality table with setback of one year for males, (g) mortality rates after disability, (h) valuation of assets using market value less five-year phase-in of excess (shortfall) investment income, and (i) projected unit-credit funding method. For the current year, there were no changes in the actuarial funding or the actuarial assumptions and methods.

7. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The Arizona Revised Statutes (“A.R.S.”) provide statutory authority for determining the employees’ and employers’ contribution amounts as a percentage of covered payrolls. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to legislate a contribution rate other than the actuarially determined rate. The actuarial computation is made two years in advance based on the June 30 information (the rate for 1999 was based on June 30, 1997 information). The actuarial assumptions used in this measure are those adopted by the ASRS’s Board on May 22, 1992. The contribution rates were actuarially determined using the Projected Unit Credit (“PUC”) funding method, the use of which was established by legislative action in 1989. The contribution rate consists of a factor to cover normal costs using the same actuarial assumptions used to compute the pension benefit obligation and a factor to amortize the under-funded past service liability based on the criteria of the Arizona Revised Statutes, not to exceed an amortization period of 30 years. The current amortization period is 14 years.

ARIZONA STATE RETIREMENT SYSTEM

The contribution rates, as actuarially determined, for the years ended June 30, 1998 and 1997 were as follows (the most recent actuarial information available was as of June 30, 1998):

	1998		1997	
	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll
Normal cost	\$568,755,910	11.39%	\$534,630,494	11.37%
Amortization of over-funded past service liability	<u>(215,218,435)</u>	<u>(4.31)%</u>	<u>(187,614,395)</u>	<u>(3.99)%</u>
Total	<u>\$353,537,475</u>	<u>7.08 %</u>	<u>\$347,016,099</u>	<u>7.38 %</u>
Contributions made as a percentage of the current year covered payroll:				
Employers' share	\$176,768,738	3.54 %	\$173,508,019	3.69 %
Employees' share	<u>176,768,737</u>	<u>3.54 %</u>	<u>173,508,080</u>	<u>3.69 %</u>
Total	<u>\$353,537,475</u>	<u>7.08 %</u>	<u>\$347,016,099</u>	<u>7.38 %</u>

The actuarially determined contribution rate for the year ended June 30, 1999 was 3.34 percent (2.85 percent retirement and .49 percent long-term disability) for both the employers' and employees' portion. The actuarially determined contribution rate for the year ended June 30, 1998 was 3.54 percent (3.05 percent retirement and .49 percent long-term disability) for both employers and employees. This rate is applied to the covered payroll to determine the employee and employer contributions. GASB No. 25 defines covered payroll as all elements included in compensation paid to active employees on which contributions to a pension plan are based.

8. ADDITIONAL BENEFITS

In addition to the pension benefits described, the ASRS offers the Retiree Group Insurance Program and the Health Insurance Premium Benefit Program to eligible retired and disabled members. A retired member is defined as a member actively receiving an annuity benefit and a disabled member is defined as a member receiving a Long-Term Disability ("LTD") benefit through the LTD program administered by the ASRS or through their former member employer's group LTD plan.

Pursuant to A.R.S. 38-782, the Retiree Group Insurance Program makes available group health insurance coverage to eligible retired and disabled members and their dependents. Retired and disabled members of the ASRS, Public Safety Personnel Retirement System, Elected Officials Retirement Plan, and Corrections Officers Retirement Plan may participate if they are no longer eligible for health insurance benefits through their former employer. More than 32,000 coverage agreements currently exist for retired and disabled members and their dependents.

ARIZONA STATE RETIREMENT SYSTEM

Pursuant to A.R.S. 38-783, retired and disabled members with at least five years of credited service are eligible to participate in the Health Insurance Premium Benefit (subsidy) Program. This assistance is provided to those members that elect group coverage through either the Retiree Group Insurance Program or their former member employer. The following chart illustrates the maximum amount of the monthly available benefit for eligible members and their dependents:

Years of Credited Service	Percent of Premium Benefit	Member		Dependent	
		Not Medicare Eligible	Medicare Eligible	Not Medicare Eligible	Medicare Eligible
5.0-5.9	50%	\$47.50	\$32.50	\$40.00	\$25.00
6.0-6.9	60%	57.00	39.00	48.00	30.00
7.0-7.9	70%	66.50	45.50	56.00	35.00
8.0-8.9	80%	76.00	52.00	64.00	40.00
9.0-9.9	90%	85.50	58.50	72.00	45.00
10.0+	100%	95.00	65.00	80.00	50.00

The ASRS reimbursed approximately \$34.9 million and \$32.7 million towards the cost of group health insurance coverage for the years ended June 30, 1999 and 1998, respectively.

9. CONTINGENT LIABILITIES

On November 18, 1997, the Superior Court of Arizona entered a judgment against the ASRS in a suit brought by a retired member of the ASRS. The court has decided that the member is entitled to a pension that the ASRS shall calculate and pay without any decreases or limitations resulting from State statutes enacted between 1984 and 1996. Under a class action certification, the retired member represents a class of approximately 1,600 ASRS members (active, inactive and retired) whose retirement benefits the ASRS may have decreased or been limited under such legislation. ASRS management and its attorneys are not able to determine the ultimate liability at this time. However, ASRS management believes the resolution of this matter will not have a significant adverse effect on the ASRS's financial position or results of operations.

The ASRS is also a party in various litigation matters. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the ASRS's financial position or results of operations.

10. REQUIRED SUPPLEMENTARY SCHEDULES

Historical trend information designed to provide information about the ASRS's progress made in accumulating sufficient assets to pay benefits when due is required supplementary information. Required supplementary information for the years available in accordance with the parameters of GASB 25 is included immediately following the notes to the financial statements.

ARIZONA STATE RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

YEAR 2000 ISSUE (Unaudited)

Management cannot assure that the systems used by the ASRS or its contractors to provide critical services are or will be Year 2000 ready. However, through the current business continuation plan, and the development of additional contingency plans, the ASRS is putting forth every effort to assure that the critical services themselves will not be disrupted at any time in the event of system failure.

Some of the Year 2000 challenges are the inability to distinguish between dates in different centuries and to accurately process this data. All computer software, hardware and embedded chips must be able to read and accurately process information for the Year 2000 and beyond. The computer programming technique of using two digits such as “98” to represent the century date” 1998” causes this problem. When using the Year 2000 date, systems using two digit years will have the year field “00”. Many systems will treat the “00” date entry as “1900” instead of “2000”. As a result, inaccurate calculations may be performed regarding date and time from, into and between centuries or the system may cease to operate. The de facto standard for representing a year as two digits is a widespread problem causing many organizations to undertake one of the largest projects in the world for information resource management.

The ASRS recognizes vulnerability with regard to contractors providing information to us and those vendors providing information processing services. In these cases, although the ASRS’ information systems may be Year 2000 compliant, the information systems of others may not and will affect the ASRS.

Year 2000 – Project Description

In July 1994, the ASRS began planning the redevelopment and execution of its entire information system. This effort is known as PERIS – Public Employee Retirement Information System. As part of the PERIS project, ASRS completed an inventory of ASRS computer systems and identified Membership Processing, Contribution Accounting, Pension Benefit Processing and Health Insurance applications that may be affected by the Year 2000 issue and that are necessary to conduct ASRS operations:

The validation and testing stage of Membership Processing and Contribution Accounting applications were both near completion at June 30, 1999. The validation/testing stage was completed in mid-October 1999 and these systems were implemented in late October 1999.

Development of the PERIS-Pension Benefit Processing system was suspended at the end of fiscal year 1999. The PERIS- Health Insurance system remediation stage was completed in September 1999 and validation and testing of this system was completed in mid-November, 1999. The PERIS-Health Insurance system will be implemented in December 1999.

ARIZONA STATE RETIREMENT SYSTEM

Remediation of the current ASRS Pension Benefit Processing system was completed in the last quarter of fiscal year 1999. Validation of this system was completed in October 1999 and the Year 2000 compliant code was implemented in November 1999.

Additionally, a vendor is currently performing the Pension Benefit Payment Processing system transactions. The vendor completed remediation of this system in December 1998. Validation and testing of this system was completed in October 1999 and implemented in November 1999.

The ASRS began budgeting PERIS-related expenses upon inception of the project. The PERIS expenses for fiscal years 1999 and 1998 are \$351,210 and \$858,695, respectively. The PERIS budget and associated expenses are included in the Administrative Expenses schedule on page 39.

While each Arizona agency is responsible for addressing the Year 2000 issues, the Arizona state government established the Arizona Government Information Technology Agency ("GITA") in 1997. GITA is responsible for supervising the remediation of information systems for the state as a whole. Additionally, GITA is responsible for reviewing and recommending funding and strategies for Arizona State Agency information systems projects. The ASRS Information Services Division has been working with GITA on Year 2000 compliance issues since that agency's inception.

The Year 2000 compliance status assessment of all critical contractors was started during fiscal year 1998. The ASRS requires that all contractors sign a declaration that the Year 2000 will not be an acceptable excuse for nonperformance of their contracts. A copy of the signed declaration must be on file with the ASRS. The information provided will be evaluated by the ASRS before the decision to renew or extend a contract may be executed.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the ASRS is or will be Year 2000 ready, that the ASRS's remediation efforts will be successful in whole or in part, or that parties with whom the ASRS does business will be Year 2000 ready.

However, the ASRS has put forth every effort to ensure that adequate controls applicable to the processing of transactions related to the Year 2000 are in place. The key management activities include establishing the Year 2000 program management structure, developing and implementing guidelines and procedures to manage this program, and monitoring the Year 2000 activities ensuring timelines are met and procedures are followed.

ARIZONA STATE RETIREMENT SYSTEM

REQUIRED SUPPLEMENTAL INFORMATION TEN-YEAR COMPARISON

Schedule of Funding Progress

Actuarial Valuation Date June 30	Actuarial Value of Assets a	Actuarial Liability (AAL) Projected Unit-Credit b	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1989	\$ 6,686,217,500	\$ 6,176,469,300	\$ (509,748,200)	108.3%	\$ 3,035,446,000	(16.8)%
1990	7,296,578,000	6,744,975,400	(551,602,600)	108.2%	3,221,728,000	(17.1)%
1991	7,822,252,200	7,168,395,900	(653,856,300)	109.1%	3,491,210,600	(18.7)%
1992	8,841,715,700	8,209,797,700	(631,918,000)	107.7%	3,674,258,800	(17.2)%
1993	9,770,364,000	8,921,137,100	(849,226,900)	109.5%	3,778,408,600	(22.5)%
1994	10,540,457,100	9,668,031,500	(872,425,600)	109.0%	3,973,369,600	(22.0)%
1995	11,520,933,300	10,303,617,000	(1,217,316,300)	111.8%	4,228,264,800	(28.8)%
1996	12,578,870,100	11,110,688,400	(1,468,181,700)	113.2%	4,465,496,000	(32.9)%
1997	14,169,191,400	12,385,445,400	(1,783,746,000)	114.4%	4,674,843,500	(38.2)%
1998	16,168,476,400	13,638,356,500	(2,530,119,900)	118.6%	4,968,476,529	(50.9)%

Schedule of Employer Contributions

Year Ended June 30	Employer Contributions Required	Percentage Contributed
1989	\$154,504,181	100%
1990	64,434,561	100%
1991	133,364,246	100%
1992	132,273,316	100%
1993	135,644,868	100%
1994	124,763,806	100%
1995	158,559,931	100%
1996	172,848,417	100%
1997	173,508,019	100%
1998	176,768,738	100%

Information is shown only for the years available in accordance with the parameters of GASB 25. Additional years will be added as data becomes available.

See notes to required supplementary information.

ARIZONA STATE RETIREMENT SYSTEM

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION YEAR ENDED JUNE 30, 1999

1. ACTUARIAL METHODS AND ASSUMPTIONS FOR VALUATIONS PERFORMED

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The Project Unit Credit is the actuarial cost method used in the valuation for the period ended June 30, 1998. The amortization method used for the June 30, 1998 valuation was the Level Dollar method, 13 years grading to 30. A five-year smoothed market value method is used to determine the actuarial value of assets. The investment return rate used is 8 percent per year, compounded annually. The inflation rate assumption used is 4.25 percent per year. Projected salary increase assumptions are based on 4.50 percent to 9.50 percent per year. The cost-of-living adjustment reserve is \$705 million as of June 30, 1998.

Significant Factors Affecting Identification of Trends – 1989

PUC Funding Method

Beginning with the June 30, 1989 actuarial valuation of the total employee and employer contributions payable beginning July 1, 1990 shall be determined using the Projected Unit Credit (PUC) funding method replacing the Entry-Age-Normal method.

\$12,000 Minimum Average Compensation for Current Retirees

Recalculation of the retirement benefit for all plan members retired before June 30, 1989 who had 10 years of credit service using a minimum average compensation of one thousand dollars per month.

2.0 percent Ad Hoc COLAs

Effective July 1, 1989, all members retired on or before June 30, 1988 shall receive a 2.0 percent permanent benefit increase to their June 30, 1990 base benefit.

Early Retirement Window

During the period of May 15, 1989 through November 14, 1989, a member who is eligible Normal Retirement or Early Retirement with age plus credited service at least equal to 80, may retire and receive a benefit calculated using a 2.2 percent multiplier instead of 2.0 percent.

3.0 percent Tax Equity Allowance

Retroactive to the later of January 1, 1989 or the date payments commence, each member retiring on or before September 14, 1989 shall receive a tax equity benefit allowance consisting of a permanent increase of 3.0 percent in his or her January 1, 1989 base benefit.

ARIZONA STATE RETIREMENT SYSTEM

Significant Factors Affecting Identification of Trends – 1990

Rule of 82

Effective May 1, 1990, the number of points (sum of member's age and years of service) required to be eligible for normal retirement shall be reduced from 85 to 82. Also, the early retirement reduction factor for employees with 77 or more points but less than 82 points shall be 3 percent for each point or fraction thereof less than 82.

3.0 percent Tax Equity Allowance

Each member who retires between September 15, 1989 and September 14, 1990 shall receive a tax equity benefit allowance consisting of a permanent increase of 3.0 percent in his or her base benefit, retroactive to the date of retirement.

Graded Vesting for Health Insurance Premium Supplement

The Health Insurance Premium Supplement is extended to those qualifying members with between five and nine years of service. The member will be eligible to receive 10 percent of the benefit for each completed year of service (i.e., 50 percent to 90 percent).

Significant Factors Affecting Identification of Trends – 1991

3.0 percent Tax Equity Allowance

Each member who retires between September 15, 1990 and September 14, 1991 shall receive a tax equity benefit allowance consisting of a permanent increase of 3.0 percent in his or her base benefit, retroactive to the date of retirement.

Recalculation of Retiree Benefits Using 2.0 percent Benefit Multiplier

Each retired member with at least 10 years of service who retired prior to June 30, 1985 shall have his or her benefit recomputed. The recomputed benefit shall be equal to 2 percent times final average earnings times credited service plus an additional \$2 for each year of service. The retired member will receive the larger of the recalculated benefit or his/her current benefit. This increase is effective October 1, 1991.

2.3 percent Ad Hoc Increase

Effective July 1, 1991, all members retired on or before June 30, 1990 shall receive a 2.3 percent permanent benefit increase in their June 30, 1991 base benefit.

Rule of 80

Effective July 1, 1992, the number of points (sum of member's age and years of service) required to be eligible for normal retirement shall be reduced from 82 to 80. (For continuation purposes, this legislation is not reflected until the 1993/94 fiscal year).

Pop-up Option

A pop-up option is added for retiring members who first participate in the Plan on or after December 31, 1991.

ARIZONA STATE RETIREMENT SYSTEM

Significant Factors Affecting Identification of Trends – 1992

3.0 percent Tax Equity Allowance

Each member who retires between September 15, 1991 and September 14, 1992 shall receive a tax equity benefit allowance consisting of a permanent increase of 3.0 percent in his or her base benefit, retroactive to the date of retirement.

Minimum Retiree Benefit

Each retiree of the Arizona State Retirement Plan who is at least age 75 on December 31, 1992 and who had at least ten years of service upon retirement from the Plan shall be eligible for a minimum benefit. If the eligible retiree had at least ten years of service but less than fifteen years, his minimum benefit is \$350 a month. If the eligible retiree had at least fifteen years of service but less than twenty, the retiree's minimum benefit is \$500. If the eligible retiree had at least twenty years of service the retiree's minimum benefit is \$600. The minimum benefit shall be compared to the retiree's current benefit (including all ad hoc increases).

5 percent Ad Hoc Increase

Effective November 1, 1992, all members retired on or before October 31, 1992 shall receive a 5 percent permanent benefit increase in their October 31, 1992 benefit.

Forfeited Service Repurchase

Any present active member who has previously forfeited service has until December 31, 1994, to repurchase the forfeited service by paying the plan the employee and employer contributions (accumulated with interest) which would have been contributed during the member's period of forfeited service.

Repurchase of Service Due to Reduction in Force

Any currently active member who was terminated prior to December 31, 1992 as a result of a required reduction in force may purchase the credited service for the following period of unemployment if the member had five or more years of service at the time of termination and resumed employment with a participating employer within two years of termination. The cost of the repurchase is the total of the employee and employer contribution (accumulated with interest) which would have been contributed during the member's period of unemployment.

Change in Section 38-781.05 Funding Method

Section 38-781.05 of the Plan was amended so that the funding period for the plan would continue to be the period between the valuation and June 30, 2002 as long as the plan has a negative Unfunded Actuarial Accrued Liability. If the Plan were to have a positive UAAL, then the old funding mechanism would apply.

Significant Factors Affecting Identification of Trends – 1993

No benefit changes were passed by the 1993 Legislature. However, the Legislature passed legislation to reduce the required contribution rate of 4.09 percent down to 3.14 percent.

ARIZONA STATE RETIREMENT SYSTEM

Significant Factors Affecting Identification of Trends – 1994

Minimum LTD Benefit

Each member on long term disability will receive a minimum monthly benefit of \$50.

Minimum Retiree Benefit

Each retiree of the Arizona State Retirement Plan who is at least age 75 and who had 20 or more years of service at retirement will receive a minimum monthly benefit of \$600.

Pop-up Benefit

Members who retired prior to January 1, 1992 and who elected a Joint and Survivor option shall receive a “Pop-up” in their retirement income if their beneficiary pre-deceases them.

Excess Investment Earnings COLA

Retirees at least age 55 who have been retired at least one year and members on long-term disability are eligible to receive a cost-of-living adjustment equal to one-half the increase in CPI for the prior calendar year. The COLA will be paid from a reserve of Excess Investment Earnings. If there are no Excess Investment Earnings in reserve, no COLA will be granted.

Change in Section 38-737 Funding Period

Section 38-737 was amended to change the funding period of the plan to a rolling 30-year period. The change is to be phased-in over the next nineteen years. If the Plan should cease to be overfunded, the funding period would immediately go to 30 years.

Significant Factors Affecting Identification of Trends – 1995

Change in Maximum Increase Provided by Excess Investment Earnings COLA

The maximum COLA payable from Excess Investment Earnings was increased from 50 percent to 100 percent of the increase in the CPI.

Removal of LTD Benefit from the Plan

The Legislature established a new LTD program and removed the LTD benefit from the plan. Liabilities for current LTD recipients were transferred to the new LTD program effective October 1, 1995.

Creation of Separate Account for the Health Premium Supplement

The Health Premium Supplement benefit is to be separated into a 401(h) account. The assets and liabilities associated with the Health Premium Supplement will be accounted for separately.

Significant Factors Affecting Identification of Trends – 1996

No material changes.

ARIZONA STATE RETIREMENT SYSTEM

Significant Factors Affecting Identification of Trends – 1997

Creation of Family Health Supplement

Allows unused portion of the Health Supplement of a member or dependent to be used to pay the other recipients' health insurance premium.

The calculation methodology for the Excess Investment Earnings COLA was modified.

The contribution rate will be determined on a biennial cycle beginning with the 1999/2000 fiscal year.

Significant Factors Affecting Identification of Trends – 1998

No material changes.

ARIZONA STATE RETIREMENT SYSTEM

ADDITIONAL SUPPLEMENTAL SCHEDULES SCHEDULE OF ADDITIONS AND DEDUCTIONS TEN-YEAR COMPARISON

Year	Additions by Source								Total
	Employee Contribution Made	Actuarial Employee Contribution	Employer Contribution Made	Actuarial **** Employer Contribution	Percent of Covered Payroll	Actuarially Determined Rate	Net Investment Income	Member Reimbursements and Other	
1989	\$ 154,504,181	\$ 154,504,181	\$ 154,504,181	\$ 154,504,181	5.09%	5.09%	\$ 1,150,073,931	\$ 390,535	\$ 1,459,472,828
1990*	64,434,561	151,099,046	64,434,561	151,099,046	2.00%	4.69%	1,104,012,512	1,538,939	1,234,420,573
1991	133,364,246	133,364,246	133,364,246	133,364,246	3.82%	3.82%	797,492,654	788,617	1,065,009,763
1992	132,273,316	132,273,316	132,273,316	132,273,316	3.60%	3.60%	1,513,686,627	945,836	1,779,179,095
1993*	135,644,868	135,644,868	135,644,868	135,644,868	3.59%	3.59%	2,037,437,881	6,870,755	2,315,598,372
1994*	124,763,806	162,510,817	124,763,806	162,510,817	3.14%	4.09%	725,271,172	7,319,048	982,117,832
1995*	158,559,931	158,559,931	158,559,931	158,559,931	3.75%	3.75%	2,409,804,569	9,429,152	2,736,353,583
1996***	172,848,417	172,848,417	172,848,417	172,848,417	3.85%	3.85%**	2,063,877,940	4,376,224	2,413,950,998
1997	173,508,080	173,508,080	173,508,019	173,508,080	3.69%	3.69%	2,832,718,071	11,480,946	3,191,215,116
1998	176,768,737	176,768,737	176,768,738	176,768,738	3.54%	3.54%	3,405,203,114	15,461,646	3,774,202,235

* Other income includes Chapter 137 reimbursements of \$7,505,005, \$5,739,521 and \$5,482,267 for 1995, 1994 and 1993, respectively, which are outlined by State Statute for members buying back service into ASRS. For the fiscal years ended 1990 and 1994, the Legislature set the contribution rate below the actuarially determined rate as noted under "Percent of Covered Payroll" above. The change to an actuarially determined rate became effective in 1985.

** The initial actuarial calculation indicated a total contribution rate of 7.90% in 1996. However, this was prior to separating long-term disability from retirement contributions. The effect of reporting long-term disability separately resulted in a new total contribution rate of 7.70%, 3.46% retirement and 0.49% long-term disability, for both employee and employer.

*** Investment income restated at market value for 1996. Investment income reported at market value for subsequent years.

**** Information is shown only for the years available in accordance with the parameters of GASB 25. Additional years will be added as data becomes available.

Year	Deductions by Type				Total
	Benefits	Refunds	Investment	Administration and Other	
1990	\$297,568,990	\$ 32,014,486	\$ 44,976,514	\$ 4,311,496	\$378,871,486
1991	320,349,203	27,410,639	43,207,264	6,516,477	397,483,583
1992	357,541,608	24,812,896	26,265,692	8,115,966	416,736,162
1993	422,183,217	21,444,985	29,599,274	6,210,761	479,438,237
1994	454,118,381	22,650,297	28,934,542	5,521,389	511,224,609
1995	495,150,932	24,516,184	32,403,873	5,970,049	558,041,038
1996	542,524,729	26,376,393	37,535,223	8,244,791	614,681,136
1997	596,308,127	31,282,457	45,248,028	12,307,628	685,146,240
1998	652,567,322	29,769,046	51,199,408	12,541,091	746,076,867
1999	713,870,779	26,108,152	65,886,652	15,352,673	821,218,256

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF ADMINISTRATIVE EXPENSES YEARS ENDED JUNE 30, 1999 AND 1998

	1999		1998	
	Budget	Actual	Budget	Actual
Personnel services:				
Salaries	\$ 4,346,800	\$ 5,114,275	\$4,177,900	\$3,939,984
Retirement contributions	123,900	118,577	139,542	116,227
Insurance	<u>790,100</u>	<u>703,156</u>	<u>718,858</u>	<u>700,375</u>
Total personnel services	<u>5,260,800</u>	<u>5,936,008</u>	<u>5,036,300</u>	<u>4,756,586</u>
Professional services:				
Computer support	1,891,400	1,040,225		
Audit and consulting fees	55,700	53,250	39,500	61,784
Actuary/benefit consulting	132,000	150,320	125,000	155,385
Miscellaneous outside services	<u>718,900</u>	<u>583,456</u>	<u>446,000</u>	<u>623,350</u>
Total professional services	<u>2,798,000</u>	<u>1,827,251</u>	<u>610,500</u>	<u>840,519</u>
Communications:				
Postage	474,000	429,943	407,406	297,091
Printing	118,100	97,645	15,600	97,216
Telephone	<u>121,600</u>	<u>226,121</u>	<u>132,000</u>	<u>190,995</u>
Total communications	<u>713,700</u>	<u>753,709</u>	<u>555,006</u>	<u>585,302</u>
Miscellaneous:				
Board and Council	20,300	15,731	6,000	17,134
Office rent	903,400	648,400	860,000	1,116,966
Equipment	136,700	90,388	65,900	63,310
Furniture		40,157		
Repair and maintenance	252,500	160,127	225,000	42,957
Equipment rental		2,569		2,268
Travel	49,700	47,054	72,600	55,026
Supplies	68,500	109,040	100,000	87,454
Insurance	76,400	76,400	76,400	76,400
Dues, subscriptions and publications and advertisement	39,800	26,392	42,500	23,574
Education and training	50,200	32,356	29,300	30,733
Miscellaneous	57,600	59,556	60,900	32,255
PERIS development	<u>451,200</u>	<u>351,210</u>	<u>1,211,200</u>	<u>858,695</u>
Total miscellaneous	<u>2,106,300</u>	<u>1,659,380</u>	<u>2,749,800</u>	<u>2,406,772</u>
TOTAL	<u>\$ 10,878,800</u>	<u>\$ 10,176,348</u>	<u>\$8,951,606</u>	<u>\$8,589,179</u>

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF LONG-TERM DISABILITY EXPENSES YEARS ENDED JUNE 30, 1999 AND 1998

	1999		1998	
	Budget	Actual	Budget	Actual
Personnel services:				
Salaries		\$ 112,963		\$ 84,218
Retirement contributions		3,453		2,688
Insurance		<u>6,549</u>		<u>4,549</u>
Total personnel services		<u>122,965</u>		<u>91,455</u>
Professional services:				
Miscellaneous outside services				8,183
LTD management fee	<u>\$1,869,600</u>	<u>1,933,448</u>	<u>\$755,000</u>	<u>755,040</u>
Total professional services	<u>1,869,600</u>	<u>1,933,448</u>	<u>755,000</u>	<u>763,223</u>
Communications:				
Postage				
Printing		801		
Telephone				
Total communications		<u>801</u>		
TOTAL	<u>\$1,869,600</u>	<u>\$2,057,214</u>	<u>\$755,000</u>	<u>\$854,678</u>

Effective in fiscal year 1998, the Legislature began appropriating funding for the administrative costs of several ASRS programs, including Long-Term Disability, Health Insurance, and Outreach Education, actuarial expenses, and legal costs. Because administration of these programs is fully commingled with administration of overall ASRS, separate budgets were not approved for each program. The amounts shown in the actual column for fiscal year 1998/1999 represent only those specifically assigned to the Long-Term Disability Program.

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULES OF CASH RECEIPTS AND CASH DISBURSEMENTS YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
CASH BALANCE, beginning of year	\$ 2,541,070	\$ 2,219,816
RECEIPTS:		
Member contributions	179,392,392	178,033,316
Employer contributions	179,392,392	178,031,264
Purchase of back service (membership reimbursements)	46,170,568	15,461,646
Transfers from other retirement systems	490,052	575,502
Short-term securities matured and sold	5,996,916,525	3,277,995,295
Investments matured and sold	14,983,181,030	14,840,351,827
Real estate sold	12,892,617	1,124,783
Mortgage principal payments and sales	39,301,757	23,910,987
Building revenue	6,937,609	5,326,006
Securities lending program	45,799,120	32,386,322
Interest	441,817,792	149,172,909
Dividends	149,568,837	103,673,777
Miscellaneous	<u>4,819,453</u>	<u>25,006,674</u>
TOTAL RECEIPTS	<u>22,086,680,144</u>	<u>18,831,050,308</u>
DISBURSEMENTS:		
Retirement, disability and subsidy payments	701,460,870	691,446,176
Death benefits	11,484,518	10,557,739
Refunds to withdrawing members	26,108,152	29,769,046
Transfers to other retirement systems	1,498,778	2,243,073
Short-term investments purchased	6,500,125,932	3,075,937,032
Investment purchases	14,712,646,616	14,919,383,514
Mortgage purchases	57,510,000	37,587,000
Securities lending program charges	40,605,498	29,772,903
Investment manager fees	17,529,794	14,893,909
Building expenses	5,277,091	4,041,181
Administrative expenses	11,693,453	10,070,558
Miscellaneous	<u>214,012</u>	<u>5,026,923</u>
TOTAL DISBURSEMENTS	<u>22,086,154,714</u>	<u>18,830,729,054</u>
CASH BALANCE, end of year	<u><u>\$ 3,066,500</u></u>	<u><u>\$ 2,541,070</u></u>

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF PROFESSIONAL CONSULTANT FEES YEAR ENDED JUNE 30, 1999

Professional/Consultant	Nature of Service	Expenses
Capitol Systems	Computer Systems	\$ 648,161
Mellon Bank	Pension Payment Services	353,304
Compuware	Computer Systems	247,944
Attorney General	Legal Services	159,575
Watson Wyatt	Actuary Services	140,105
Oracle	Computer Systems	70,680
Deloitte and Touche, LLP	Audit Services	53,250
AzTech	Computer Systems	43,242
Charles Whetstone	Legal Services	33,446
Microage	Computer Systems	23,444
Scribe Technology	Computer Systems	16,122
Buck Consultants	Pension Consultants	10,215
West Group Research	Pension Research Consultant	7,500
David B. Stocker	Legal Services	6,270
Data Site Consortium	Computer Systems	5,121
Tridex	Computer Systems	3,897
Kay Richter	Legal Services	2,100
Don Lawhead	Member Seminars	1,880
Yoder and McFate Reporting	Transcription Services	359
Security Data Destruction	Security Recycling Service	298
Adkins Cabling	Computer Network	162
Heutzenroeder & Associates	Transcription Services	103
World Translation Service	Transcription Services	<u>73</u>
Total		<u>\$ 1,827,251</u>

ARIZONA STATE RETIREMENT SYSTEM

NET INVESTMENT INCOME EXPERIENCE BY MANAGER YEAR ENDED JUNE 30, 1999

The following chart will serve to show the amount of investment income produced during the year by each of the investment managers.

Manager	Dividends, Interest and Other	Market Appreciation (Depreciation)	Management Fees	Net Investment Income Produced
ASRS – Internal	\$ 140,231,890	\$ 916,851,573		\$1,057,083,463
Axe – Houghton Domestic	15,421,404	1,915,176	\$ 241,255	17,095,325
Axe – Houghton International	17,759,733	87,643,519	783,419	104,619,833
Bank of Ireland International	9,342,146	124,092,036	1,172,862	132,261,320
Bank One	16,778,575	(9,059,064)	369,494	7,350,017
Barclays Core	122,981	167,411,014	1,116,273	166,417,722
Barclays International		(119,862,997)	497,332	(120,360,329)
Barclays Tactical	12	574,207,453	4,227,372	569,980,093
Blackrock	21,735,983	(28,698,576)	512,474	(7,475,067)
Brandes International	22,153,470	171,388,320	1,543,057	191,998,733
Brandywine	2,417,720	5,892,217	601,239	7,708,698
Capital Guardian International	8,383,323	131,153,343	1,925,491	137,611,175
Cash Management	8,808,644	6,043,440		14,852,084
Conseco Capital	92,852	17,388,200	43,302	17,437,750
Dimensional Fund	2,428,600	16,923,872	335,474	19,016,998
Duff & Phelps	36,714,711	(3,410,536)	90,000	33,214,175
J. P. Morgan	47,715,837	214,483,207	2,144,636	260,054,408
Mellon Domestic	17,725,060	254,590,216	1,298,399	271,016,877
Mellon International	1,050,173	(28,315,976)	111,561	(27,377,364)
Valley Ventures	46	49,873		49,919
Western Asset Mgmt Co	<u>16,768,431</u>	<u>(25,907,034)</u>	<u>516,154</u>	<u>(9,654,757)</u>
	<u>\$ 385,651,591</u>	<u>\$2,474,779,276</u>	<u>\$17,529,794</u>	<u>\$2,842,901,073</u>

For Fiscal 1998-99 the total rate of return was 16.80 percent, the yield on cost was 11.76 percent and the net effective yield was 11.78 percent.

ARIZONA STATE RETIREMENT SYSTEM

TOTAL INVESTMENT EXPENSES BY MANAGER YEAR ENDED JUNE 30, 1999

Manager	Management Fees	Real Estate	Security Loan Program	Total Investment Expenses 1999	Total Investment Expenses 1998
American Express					\$ 1,631,324
Axe – Houghton Domestic	\$ 241,255			\$ 241,255	376,728
Axe – Houghton International	783,419			783,419	694,897
Bank of Ireland International	1,172,862			1,172,862	
Bank One	369,494	\$ 6,575,200		6,944,694	6,339,662
BGI – Core	1,116,273			1,116,273	1,457,513
BGI – International	497,332			497,332	1,177,115
BGI – Tactical	4,227,372			4,227,372	5,148,271
Blackrock	512,474			512,474	
Brandes International	1,543,057			1,543,057	
Brandywine	601,239			601,239	
Capital Guardian International	1,925,491			1,925,491	1,303,660
Cash Management			\$41,781,658	41,781,658	30,252,147
Conseco Capital	43,302			43,302	
Dimensional Fund	335,474			335,474	
Duff & Phelps	90,000			90,000	90,000
J P Morgan	2,144,636			2,144,636	2,528,062
Mellon Domestic	1,298,399			1,298,399	
Mellon International	111,560			111,560	200,029
Western Asset Mgmt Co	<u>516,155</u>	<u> </u>	<u> </u>	<u>516,155</u>	<u> </u>
Total	<u>\$17,529,794</u>	<u>\$ 6,575,200</u>	<u>\$41,781,658</u>	<u>\$65,886,652</u>	<u>\$51,199,408</u>

ARIZONA STATE RETIREMENT SYSTEM

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ARIZONA STATE RETIREMENT SYSTEM

INVESTMENT REPORT

BY OLIVER CAMPBELL, PORTFOLIO MANAGER AND TRADER

Investment Policies

The Arizona State Retirement System (ASRS) adheres to all statutory requirements set forth by Arizona state law, which applies upper limits to the portions of the portfolio that may be invested in any single entity, international equities, and global equities. The ASRS has also established investment guidelines for its external investment managers and a complete set of policies, procedures, compliance requirements, and oversight of internal investment management to ensure that investment assets are prudently managed. Both internal and external audit procedures are in place. Oversight and direction responsibilities are ensconced with the Board.

The ASRS adheres to the following five investment goals:

1. Retain safety as the principle consideration in the investment of the ASRS assets
2. Achieve the actuarial investment return of 8 percent
3. Maintain a minimum funded status of 100 percent
4. Support an excess earnings Cost Of Living Allowance (COLA)
5. Maintain a relatively stable contribution rate

The ASRS is well positioned to achieve the above-listed investment goals.

Economic Climate

The U.S. economy continued its current, lengthy expansion over the course of the year. Growth was moderate to high in the summer months of 1998 with Gross Domestic Product (GDP) rising at an annual rate of 3.7 percent from the prior quarter's 1.8 percent. This performance, while still above the Federal Reserve's approximate target rate of 3 percent, did not cause the central bank's policy makers to raise interest rates. To the contrary, events in overseas markets, and specifically the default by the Russian Federation on its sovereign debt, led the Fed to cut the federal funds rate by 25 basis points to 5 ¼ percent at its September 29 meeting.

The economy accelerated in the fourth quarter of 1998 to a torrid 6.0 percent annual growth rate, capping a calendar year GDP growth of 3.9 percent. Contemporaneously, the Fed made two changes to interest rate policy. The first came in mid-October, less than three weeks after the prior adjustment. Fed Chairman Alan Greenspan took the unusual step of altering policy between meetings of the Board of Governors and reduced interest rates for both the federal funds rate and the discount rate. At the next meeting of the Fed in November, both rates were reduced again by 25 basis points to a target rate of 4 ¾ percent for fed funds and 4 ½ percent for the discount rate. Both actions appeared to be in response to overseas economic troubles and the ripple effects of the high-profile insolvency of large hedge fund company Long Term Capital Management.

The inflation rate remained remarkably subdued as the Consumer Price Index (CPI) grew at only a 1.6 percent annual rate in the second half of 1998. The notable performance was registered against the backdrop of generation-low unemployment, the very long economic expansion, and a federal budget surplus.

The first quarter of 1999 saw continuing economic growth, coming in at a 4.3 percent annual rate. With buoyant consumer sentiment and rising corporate profits, the most substantial domestic difficulty appeared to be the impeachment trial of President Clinton. There were also the beginning of talks in Washington about a cut in income tax rates.

GDP slowed in the spring quarter of 1999 to 1.6 percent. Inflation did begin to trouble Fed policy makers as the inflation rate crept above 2 percent in the quarter. The Fed acted on the final day of the quarter to raise the federal funds rate by 25 basis points to 5 percent. The current expansion now stands at 34 quarters.

Capital Markets

The securities markets continued to generate strong performance, albeit with somewhat greater volatility. U.S. stock and bond markets continued in largely bullish fashion. The capital markets rewarded investors for the unusually good economic times with gains in the equity markets in three of the four quarters ending June 30, 1999. Specifically, the U.S. equity market posted a decline of 9.9 percent as measured by the S&P 500 in the third quarter of 1998. Smaller capitalization stocks fared worse with the Russell 2000 index of smaller companies losing 20.1 percent in the same period. The fourth quarter of 1998 brought with it a continuation of the diversion in performance between large and small capitalization stocks again, with the S&P 500 rebounding a heady 21.3 percent, but the Russell 2000 gaining slightly less at 16.3 percent. The small capitalization stocks' relative underperformance continued in the same fashion into the first quarter of 1999.

The final half of the year ending June 30, 1999 saw the S&P 500 rise again. First quarter performance registered a total return of 5 percent. Large growth companies continued to lead the rise and small capitalization stocks lagged again by declining 5.4 percent. The second quarter of 1999 saw a rebound in small capitalization stocks performance that beat the S&P 500. The Russell 2000 returned 15.5 percent compared to the 7 percent return for the S&P 500 for the quarter.

For the year from June 1998 to June 1999, the S&P 500 rose 22.8 percent. Small stocks returned an anemic 1.5 percent. The S&P 500 realized a remarkable seventeen out of eighteen quarterly gains through June 1999.

Recovery came to many Asian economies in the 12 months ended June 1999 and international equity markets advanced. The MSCI Europe, Australia, and Far East (EAFE) index returned 7.9 percent in U.S. dollars during the period. Japan's equity market staged a particularly strong recovery, returning over 27 percent in U.S. dollars. With a few notable exceptions, emerging equity markets were also strong.

Domestic fixed income markets generated lackluster total returns for the same period. The Lehman Aggregate Bond index returned 3.1 percent during a period that saw the best returns in the second half of 1998 and consecutive quarterly losses in 1999. Real returns, the nominal bond yield less the inflation rate, were slightly above zero.

ASRS Investment Results

The ASRS acted on several occasions to adjust the asset allocation to stay within the allocation parameters established by the ASRS Board. The asset mix adopted by the ASRS Board of 35 percent U.S. fixed income, 50 percent U.S. equities, and 15 percent international equities allowed the ASRS to participate successfully in the equity bull market. The target mix reflects the need for the fund to be well positioned to generate a long-term annual return of at least 8 percent. A band of ± 3 percent about the target amount in each category serves as the minimum and maximum proportions to each assets class.

The Arizona State Retirement System total Fund returned 16.8 percent in the fiscal year, over 2 times the actuarial assumed long run return target.

Performance Accounting/Computation Standards

ASRS investment performance is calculated on a total return basis using time-weighted and dollar-weighted rates of return. Moreover, performance is calculated on an accrual basis provided that the accrual information is available from the custodian or recordkeeper. Performance is generated by asset class, including cash holdings, and aggregated for the total fund.

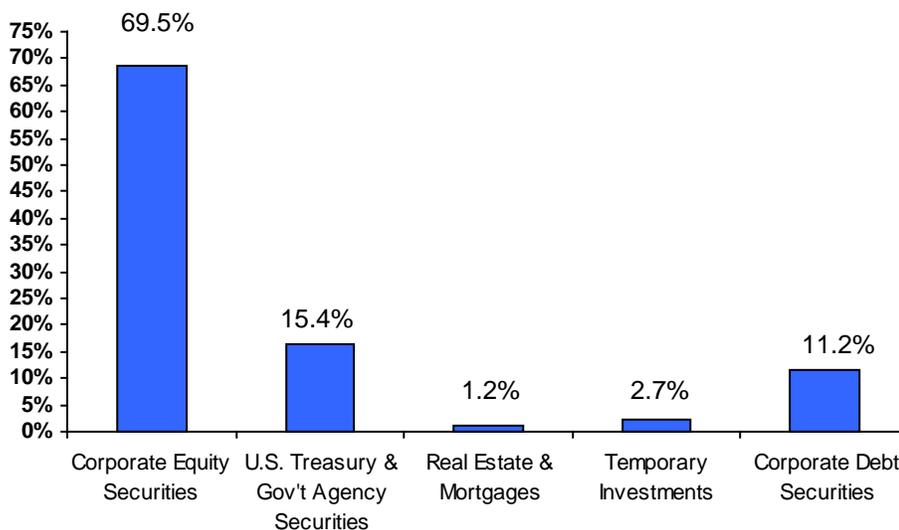
ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF INVESTMENTS

YEAR ENDED JUNE 30, 1999

	Market Value
Corporate Equity Securities	<u>\$ 15,741,070,594</u>
Fixed Income Securities:	
Corporate Debt Securities	2,542,934,979
U.S. Treasury. & Gov't Agency Securities	3,485,835,901
Real Estate and Mortgages	257,275,358
Temporary Investments	<u>612,985,531</u>
Total Fixed Income Securities	6,899,031,769
Net Receivables on Transactions	<u>(220,066,448)</u>
TOTAL PORTFOLIO	<u><u>\$ 22,420,035,915</u></u>

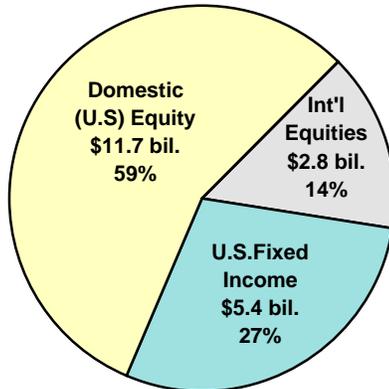
INVESTMENT PORTFOLIO COMPONENTS (at market)



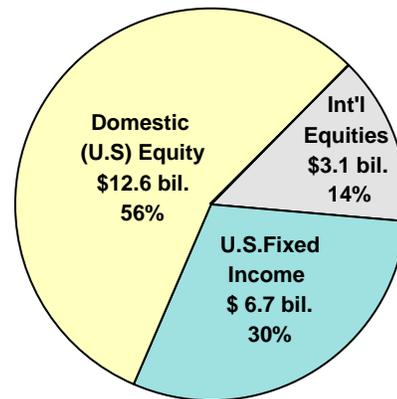
ARIZONA STATE RETIREMENT SYSTEM

INVESTMENT ALLOCATION

June 30, 1998



June 30, 1999



RATES OF RETURN

1975-76	10.79%	1981-82	2.40%	1987-88	3.10%	1993-94	1.89%
1976-77	8.74%	1982-83	40.30%	1988-89	14.33%	1994-95	17.78%
1977-78	1.18%	1983-84	(5.20%)	1989-90	9.52%	1995-96	16.70%
1978-79	8.62%	1984-85	32.10%	1990-91	7.99%	1996-97	20.60%
1979-80	9.54%	1985-86	31.50%	1991-92	14.62%	1997-98	21.30%
1980-81	4.95%	1986-87	11.80%	1992-93	16.74%	1998-99	16.80%

Annualized

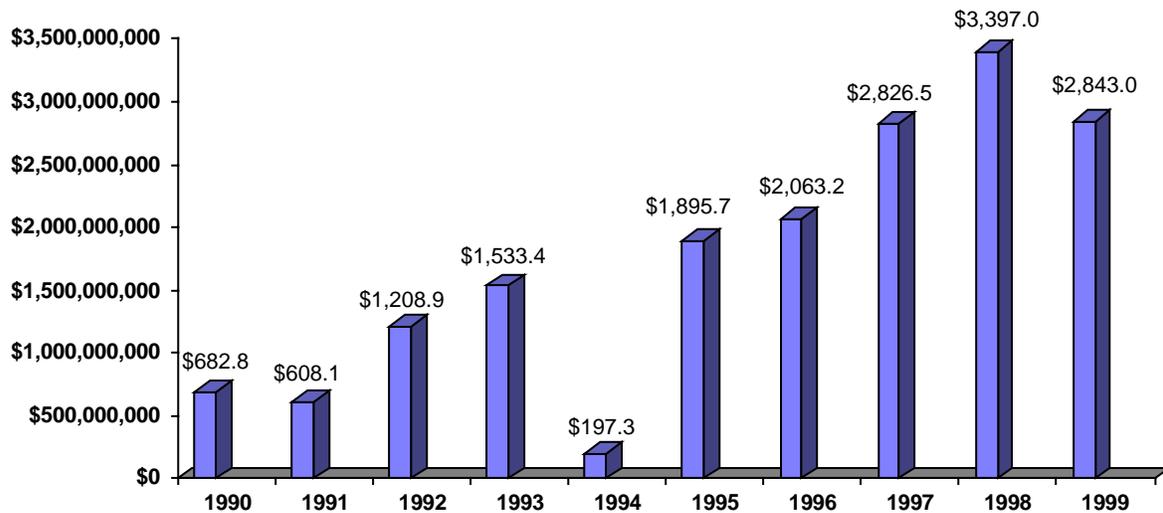
Periods ended June 30, 1999

	1 Year	3 Years	5 Years	10 Years
TOTAL ASRS FUND	16.8%	19.5%	18.6%	14.2%
ASRS DOMESTIC EQUITY	22.8%	28.3%	26.7%	18.8%
S&P 500	22.8%	29.1%	27.9%	18.8%
ASRS DOMESTIC FIXED INCOME	2.9%	7.3%	8.4%	8.8%
LEHMAN BROTHERS AGG.	3.1%	7.2%	7.8%	8.1%
ASRS EAFE	14.1%	11.0%	9.4%	7.8%
EAFE GROSS	7.9%	9.1%	8.5%	7.4%

ARIZONA STATE RETIREMENT SYSTEM

NET INCOME FROM INVESTMENTS

(in millions)



Year Ended June 30
Ten Year Review of Investment Income
(All figures rounded to nearest \$1,000)

Fiscal Year	Investment Income	Market Appreciation	Investment Expenses	Net Income from Investments
1989-90	\$ 470,984,000	\$ 219,648,000	\$ 7,853,000	\$ 682,779,000
1990-91	484,435,000	131,741,000	8,047,000	608,129,000
1991-92	495,404,000	722,863,000	9,277,000	1,208,990,000
1992-93	497,409,000	1,052,531,000	16,555,000	1,533,385,000
1993-94	477,384,000	(265,397,000)	14,703,000	197,284,000
1994-95	509,614,000	1,401,325,000	15,257,000	1,895,682,000
1995-96	523,566,000	1,562,575,000	22,990,000	2,063,151,000
1996-97	566,750,000	2,282,015,000	22,264,000	2,826,501,000
1997-98	325,329,000	3,094,012,000	22,377,000	3,396,964,000
1998-99	394,337,000	2,474,779,000	26,215,000	2,842,901,000

Net income has been restated to reflect unrealized gains and losses.

ARIZONA STATE RETIREMENT SYSTEM

NET INVESTMENT INCOME EXPERIENCE BY MANAGER

YEAR ENDED JUNE 30, 1999

The following chart will serve to show the amount of investment income produced during the year by each of the investment managers.

Manager	Dividends, Interest and Other	Market Appreciation (Depreciation)	Management Fees	Net Investment Income Produced
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Total	<u>\$ 385,651,591</u>	<u>\$2,474,779,276</u>	<u>\$ 17,529,794</u>	<u>\$2,842,901,073</u>

For Fiscal 1998-99 the total rate of return was 16.80 percent, the yield on cost was 11.76 percent and the net effective yield was 11.78 percent.

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF COMMISSIONS PAID TO BROKERS - DOMESTIC EQUITY YEAR ENDED JUNE 30, 1999

Broker Name	Shares	Commission	Commission Per Share
ABEL NOSER CORP NEW YORK	576,700	\$ 21,278	0.037
ABN AMRO CHICAGO CORP CHICAGO	118,900	4,362	0.037
AUTRANET INC NY	583,114	34,987	0.060
BEAR STEARNS & CO INC NY	3,799,720	124,259	0.033
BERNSTEIN SANFORD C & CO NEW YORK	812,800	48,768	0.060
BOSTON INSTITUTIONAL SVCS INC BOSTON	3,292,002	197,520	0.060
BRIDGE TRADING CO ST LOUIS	632,900	21,976	0.035
BROADCOURT CAP CORP/SUB OF MLPF&SNY	35,300	2,118	0.060
BT ALEX BROWN INC BALTIMORE	793,900	34,030	0.043
BUCKINGHAM RESEARCH GRP INC BROOKLYN	19,300	579	0.030
CANTOR FITZGERALD & CO INC NEW YORK	97,900	5,874	0.060
CAPITAL INSTL INVESTORS DALLAS	1,722,000	103,320	0.060
CORRESPONDENT SVCS CORP NEW YORK	1,700	85	0.050
CREDIT SUISSE FIRST BOSTON CORP N Y	1,771,300	89,739	0.051
DAVIDSON(D.A) & CO INC NEW YORK	16,700	1,002	0.060
DB CLEARING SVCS NEW YORK	431,515	24,307	0.056
DEUTSCHE BK SEC INC NEW YORK	1,303,930	35,762	0.027
DEUTSCHE MORGAN GRENPELL NEW YORK	1,333,100	61,697	0.046
DONALDSON LUFKIN & JENRETTE NEW YORK	992,847	52,053	0.052
DOUGAL & ASSOCIATES JERSEY CITY	735,609	14,712	0.020
DRESDNER KLEINWORT BENSON NEW YORK	128,200	4,860	0.038
EQUITABLE SECURITIES CORP NASHVILE	54,100	3,246	0.060
ERNST & CO NEW YORK	2,900	87	0.030
FERRIS BAKER WATTS INC SILVER SPRING	49,100	2,946	0.060
FIDELITY CAP MKTS (DIV OF NFSC) BOSTON	1,152,500	67,995	0.059
FIRST ALBANY CORP ALBANY	338,800	11,590	0.034
FOX-PITT KELTON INC	6,200	372	0.060
FRANCIS P MAGLIO & CO INC NEW YORK	94,300	2,829	0.030
FURMAN SELZ MAGER NEW YORK	889,800	42,138	0.047
GERARD KLAUER MATTISON & CO	144,000	4,992	0.035
GOLDMAN SACHS & CO NY	1,476,700	63,770	0.043
GUZMAN & CO	312,200	7,805	0.025
GUZMAN & CO NEW YORK	684,600	17,115	0.025
HAMBRECHT & QUIST INC SAN FRANCISCO	183,700	7,733	0.042
INSTINET CORPORATION NY	1,736,165	41,144	0.024
INTERSTATE/JOHNSON LANE CORP	468,900	28,134	0.060
INVESTMENT TECHNOLOGY GROUPS NEW YORK	3,879,514	87,781	0.023
JAMES CAPEL SECS NEW YORK	345,000	13,469	0.039
JEFFERIES & CO INC NEW YORK	16,400	980	0.060
JONES & ASSOC WESTLAKE VILLAGE	98,700	5,582	0.057
KEEFE BRUYETTE & WOODS INC NEW YORK	22,700	1,362	0.060
KIRKPATRICK PETTIS SMITH POLIAN DENVER	2,800	84	0.030
KNIGHT SECS NEW JERSEY	39,200	1,176	0.030
LAZARD FRERES & CO NEW YORK	396,100	17,717	0.045
LEGG MASON WOOD WALKER INC BALTIMORE	33,500	2,010	0.060
LEHMAN BROS INC NJ	2,512,900	113,503	0.045
LEWCO SECS/AGENT FOR SCHRODER WERTHEIM	1,096,500	64,025	0.058
LYNCH JONES & RYAN INC HOUSTON	2,389,850	133,571	0.056
MCDONALD	10,000	600	0.060

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF COMMISSIONS PAID TO BROKERS - DOMESTIC EQUITY
YEAR ENDED JUNE 30, 1999

Broker Name	Shares	Commission	Commission Per Share
MERRILL LYNCH PIERCE FENNER SMITH INC NY	2,637,203	127,363	0.048
MERRILL LYNCH PROFESSIONAL CLRG PURCHAS	379,100	13,074	0.034
MONTGOMERY SECURITIES SAN FRANCISCO	1,692,900	84,954	0.050
MORGAN J P SECS INC NEW YORK	500,222	30,013	0.060
MORGAN KEEGAN & CO INC	15,000	900	0.060
MORGAN STANLEY & CO INC NY	3,854,736	190,176	0.049
NEUBERGER & BERMAN	23,300	1,398	0.060
OPPENHEIMER & CO INC NEW YORK	243,200	13,660	0.056
PAINE WEBBER INC NJ	1,106,100	49,444	0.045
PRUDENTIAL SECURITIES INC	854,100	36,837	0.043
RAYMOND JAMES & ASSOC INC ST PETERSBURG	55,600	3,336	0.060
ROBERTSON STEPHENS & CO LLC/PORTAL S F	11,500	662	0.058
RUSSELL FRANK SECS INC	299,391	17,963	0.060
SCHWAB CHARLES & CO INC SAN FRANCISCO	14,650	879	0.060
SEI FINANCIAL SERVICES CO NY	56,500	3,390	0.060
SG COWEN SECS CORP NEW YORK	574,200	30,997	0.054
SHAW D E INVT LP BROOKLYN	50,400	1,008	0.020
SMITH BARNEY INC NEW YORK	2,246,150	97,608	0.043
SOUTHWEST SECURITIES INC DALLAS	2,300	46	0.020
SPEAR LEEDS & KELLOGG	2,939,911	58,006	0.020
STATE STREET BROKERAGE SVCS BOSTON	195,800	5,173	0.026
STIFEL NICOLAUS	33,600	2,016	0.060
THOMSON INSTITUTIONAL SVCS INC NY	61,200	3,672	0.060
TROSTER SINGER STEVENS ROTHCHILD CORP.	1,400	28	0.020
VECTOR SECS INTL INC ILLINOIS	2,100	126	0.060
VOLPE WELTY & CO SAN FRANCISCO	20,800	1,248	0.060
WALTER J DOWD INC NEW YORK	491,540	9,831	0.020
WARBURG DILLON READ LLC NEW YORK	693,800	36,116	0.052
WEEDEN & CO NEW YORK	995,500	52,975	0.053
WESTMINSTER RESEARCH ASSOC BROOKLYN	26,300	1,578	0.060
WHEAT FIRST SECS INC RICHMOND	72,300	4,338	0.060
WILSHIRE ASSOCIATES SANTA MONICA	109,300	6,558	0.060
Total Domestic Commissions and Shares	57,896,669	\$2,512,418	

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF COMMISSIONS PAID TO BROKERS – FOREIGN EQUITY YEAR ENDED JUNE 30, 1999

Broker Name	Shares	Commission	Commission Per Share
ABN AMRO AUST SYDNEY	259,873	\$ 4,262	0.016
ABN AMRO BANK NV LONDON	32,130	547	0.017
ABN AMRO CHICAGO CORP CHICAGO	726,500	3,187	0.004
ABN AMRO EQUITIES (UK) LTD LONDON	553,105	7,657	0.014
ABN AMRO HOARE GOVETT LONDON	1,558,267	36,491	0.023
ABN AMRO SECS LTD LONDON	36,500	608	0.017
ABN AMRO SECS USA INC NEW YORK	160,000	2,653	0.017
ALBERT E SHARP & CO BIRMINGHAM	15,300	93	0.006
ALFRED BERG LONDON	192,600	12,327	0.064
ARNHOLD & S BLEICHROEDER NEW YORK	5,189,163	60,195	0.012
BANK AM BELLEVUE ZURICH	237	214	0.905
BANK J VONTOBEL & CO LTD ZURICH	1,007	2,172	2.157
BANK JULIUS BAER AND CO LTD LONDON	18,400	8,631	0.469
BANK JULIUS BAER FRANKFURT	22,507	10,460	0.465
BANK OF NEW YORK LONDON	28,520	2,261	0.079
BANK OPPENHEIM ZURICH	800	1,934	2.418
BANKERS TRUST ALEX BROWN LONDON	398,350	10,719	0.027
BANKERS TRUST INTL LTD LONDON	1,799,574	14,811	0.008
BANQUE PARIBAS LONDON	20,900	2,575	0.123
BARING SECURITIES INC NY	551,000	10,051	0.018
BEAR STEARNS INTL TRADING LTD LONDON	700	75	0.108
BEAR STEARNS LONDON	82,700	10,585	0.128
BERNSTEIN SANFORD C & CO NEW YORK	167,000	8,350	0.050
BNP MONTREAL	7,600	2,838	0.373
BT ALEX BROWN INC BALTIMORE	68,150	22,074	0.324
BURNS FRY HOARE GOVETTE INC NY	123,300	6,165	0.050
CAZENOVE & CO LONDON	62,600	1,217	0.019
CHARTERHOUSE TILNEY LONDON	1,078,500	14,379	0.013
CHEVREUX DE VIRIEU SA PARIS	30,724	7,465	0.243
CREDIT AGRICOLE INDOSUEZ PARIS	12,500	1,636	0.131
CREDIT AGRICOLE SECS NY	5,700	303	0.053
CREDIT LYONNAIS SECS (ASIA) HONG KONG	311,200	104	0.001
CREDIT LYONNAIS SECS (USA) INC NY	13,000	187	0.014
CREDIT LYONNAIS SECS LTD ASIA	67,000	2,996	0.045
CREDIT LYONNAIS SECS SINGAPORE	25,300	1,179	0.047
CREDIT SUISSE FIRST BOSTON (EUROPE)	909,093	30,511	0.034
CREDIT SUISSE FIRST BOSTON AUSTRALIA EQ	293,593	3,138	0.011
CREDIT SUISSE FIRST BOSTON CORP N Y	942,990	24,433	0.026
CREDIT SUISSE FIRST BOSTON LONDON	545,972	8,158	0.015
CS FIRST BOSTON EQUITIES LONDON	259,804	2,767	0.011
CS FIRST BOSTON AUSTRALIA	15,813	215	0.014
DAIWA BANK LTD NY	220,000	3,280	0.015
DEUTSCHE BANK A G LONDON	10,270	882	0.086
DEUTSCHE BANK NY	1,211,982	33,398	0.028
DEUTSCHE BANK SECS CORP	747,450	169	0.001
DEUTSCHE MORGAN GRENFELL LONDON	302,970	17,150	0.057
DEUTSCHE SEC AUSTRALIA LTD	59,100	599	0.010
DLJ INTL SECS LONDON	56,600	2,102	0.037

ARIZONA STATE RETIREMENT SYSTEM

**SCHEDULE OF COMMISSIONS PAID TO BROKERS – FOREIGN EQUITY
YEAR ENDED JUNE 30, 1999**

Broker Name	Shares	Commission	Commission Per Share
DONALDSON LUFKIN & JENRETTE NEW YORK	17,600	880	0.050
DRESDNER KLEINWORT BENSON ASIA LTDTOKYO	292,022	8,094	0.028
DRESDNER KLEINWORT BENSON NEW YORK	170,700	11,949	0.070
ENSKILDA SECS LONDON	9,000	2,477	0.275
ENSKILDA SECURITIES NEW YORK	17,700	4,893	0.276
EUROMOBILARE MILAN	57,100	973	0.017
EXANE PARIS	40,533	7,986	0.197
FIBA NORDIC SECS OSLO	160,100	2,330	0.015
FIRST BOSTON AUSTRALIA	626,300	7,604	0.012
FRANK RUSSELL	400,000	15,421	0.039
FRANK RUSSELL SECS INC NEW YORK	369,100	18,455	0.050
FRANK RUSSELL SECS INCM/BCC CLRG	145,000	5,640	0.039
GOLDMAN SACHS & CO NY	77,175,876	373,080	0.005
GOLDMAN SACHS INTL CORP LONDON	36,419	2,042	0.056
GOLDMAN SACHS INTL LONDON	1,361,348	28,048	0.021
GOLDMAN SACHS JAPAN CORP TOKYO	1,225,038	30,545	0.025
GOLDMAN SACHS HONG KONG	1,725,000	9,880	0.006
GOLDMAN SACHS LONDON	54,748,703	260,505	0.005
GOODBODY STOCKBROKERS LONDON	93,175	342	0.004
HG ASIA CLEARING SVCS LTD KULALA LUMPER	4,000	471	0.118
HOARE GOVETT SECS LTD LONDON	5,000	30	0.006
HSBC INV BK PLC LONDON	354,334	15,851	0.045
IBER SECS MADRID	40,000	4,990	0.125
INDOSUEZ CAP SECS LONDON	11,300	586	0.052
INDOSUEZ WI CARR SECS HONG KONG LTD	1,007,000	10,880	0.011
ING BARING FURMAN SELZ NEW YORK	16,000	797	0.050
ING BARING SECS JAPAN LTD TOKYO	330,000	2,162	0.007
ING BARING SECS LONDON	97,166	8,587	0.088
ING BARING SINGAPORE	22,000	170	0.008
INSTINET CORPORATION NY	29,300	733	0.025
J B WERE & SON LTD LONDON	334,550	4,627	0.014
J B WERE & SON LONDON	54,086	731	0.014
J B WERE SON & SON LTD MELBOURNE	1,853,250	22,815	0.012
J P MORGAN SECS LONDON	431,836	33,464	0.077
JAMES CAPEL INC NY	2,940	12,819	4.360
JAMES CAPEL PACIFIC LTD TOKYO	661,300	16,956	0.026
JAMES CAPEL SECS NEW YORK	205,300	8,212	0.040
JAMES CAPEL LONDON	1,512,100	29,209	0.019
JARDINE FLEMING SECS TOKYO	143,550	8,737	0.061
JARDINE FLEMING HONG KONG	484,000	1,415	0.003
JONES & ASSOC WESTLAKE VILLAGE	400	20	0.050
JULIUS BAER SECS PARIS	402	233	0.579
KLEINWORT BENSON INTL INC TOKYO	1,210,000	21,119	0.017
KLEINWORT BENSON LTD LONDON	3,039,876	52,463	0.017
KLEINWORT BENSON NORTH AMER INC NY	2,375,085	160,460	0.068
KLEINWORT BENSON SEC LONDON	248,230	10,506	0.042
LEHMAN BROS ASIA HONG KONG	434,000	8,299	0.019
LEHMAN BROS INC NJ	1,212,000	14,705	0.012
LEHMAN BROS INTL LONDON	94,508	4,054	0.043

ARIZONA STATE RETIREMENT SYSTEM

**SCHEDULE OF COMMISSIONS PAID TO BROKERS – FOREIGN EQUITY
YEAR ENDED JUNE 30, 1999**

Broker Name	Shares	Commission	Commission Per Share
LEHMAN BROS LONDON	140,400	8,902	0.063
M M WARBURG BRINCKMANN HAMBURG	12,900	1,729	0.134
MACQUARIE INVT MGMT LTD SYDNEY	50,000	3,221	0.064
MCCARTHY SECURITIES LIMITED	12,300	615	0.050
MERRILL LYNCH FAR EAST LTD HONG KONG	57,000	984	0.017
MERRILL LYNCH INTL BANK LTD LONDON	509,100	7,275	0.014
MERRILL LYNCH INTL LTD LONDON	2,357,364	65,365	0.028
MERRILL LYNCH JAPAN INCJPN	773,520	23,577	0.030
MERRILL LYNCH PIERCE FENNER SMITH INC NY	8,311,440	241,724	0.029
MERRILL LYNCH PIERCE FENNER LONDON	731,950	5,437	0.007
MORGAN GRENFELL LONDON	30,300	388	0.013
MORGAN J P SECS INC NEW YORK	204,420	16,789	0.082
MORGAN STANLEY & CO INC NY	2,124,550	78,119	0.037
MORGAN STANLEY & CO LONDON	7,871	2,141	0.272
MORGAN STANLEY ASIA LTD HONG KONG	1,539,000	29,288	0.019
MORGAN STANLEY INTL LONDON	2,036,044	91,455	0.045
MORGAN STANLEY JAPAN LTD TOKYO	156,015	7,661	0.049
MORGAN STANLEY SECS LONDON	48,775	2,400	0.049
NCB STOCKBROKER DUBLIN	270,000	8,404	0.031
NESBITT BURNS TORONTO (T009NTDT)	19,400	797	0.041
NOMURA SECURITIES CO TOKYO	198,606	13,731	0.069
ORD MINNETT	800,000	10,441	0.013
ORD MINNETT INC NEW YORK	3,080	2	0.001
ORD MINNETT LTD (INC IN UK) LONDON	47,033	1,283	0.027
ROBERT FLEMING AND CO LTD LONDON	357,100	4,179	0.012
ROBERT FLEMING LONDON	50,400	876	0.017
S G WARBURG & CO NY	150,000	3,367	0.022
S G WARBURG SECS (JAPAN) INC TOKYO	615,315	14,609	0.024
SALOMON BROS INC NEW YORK	944,159	43,524	0.046
SALOMON BROS INTL LTD LONDON	894,688	33,948	0.038
SALOMON BROS TOKYO	3,217,411	39,605	0.012
SALOMON SMITH BARNEY LONDON	27,765	280	0.010
SALOMON SMITH BARNEY NEW ZEALAND	61,400	360	0.006
SALOMON SMITH BARNEY SYDNEY	1,222,800	14,553	0.012
SBC WARBURG AUSTRALIA MELBOURNE	137,600	6,494	0.047
SBC WARBURG DILLON READ (FRANCE) PARIS	50,950	5,304	0.104
SBC WARBURG DILLON READ ASIA HONG KONG	650,000	7,364	0.011
SBC WARBURG DILLON READ ASIA TOKYO	19,031	3,005	0.158
SBC WARBURG DILLON READ LONDON	23,000	1,363	0.059
SBC WARBURG LONDON	4,950,953	83,050	0.017
SCANDINAVIAN BK GROUP PLC LONDON	37,300	7,241	0.194
SCHRODER SECS LONDON	1,522,568	20,367	0.013
SCHROEDER SECS LTD LONDON	228,082	3,379	0.015
SEI FINANCIAL SERVICES CO NY	23,600	1,180	0.050
SMITH BARNEY INC NEW YORK	300,601	6,184	0.021
STANDARD CHARTERED BANK LONDON	21,000	1,344	0.064
SUTRO AND CO INC SAN FRANCISCO	39,400	1,970	0.050
SVENSKA INTERNATIONAL LONDON	18,500	316	0.017
SWEDBANK STOCKHOLM	13,900	1,042	0.075

ARIZONA STATE RETIREMENT SYSTEM

SCHEDULE OF COMMISSIONS PAID TO BROKERS – FOREIGN EQUITY

YEAR ENDED JUNE 30, 1999

Commission

Broker Name	Shares	Commission	Per Share
UBS AG LONDON INTL GILTS LONDON	185,510	9,447	0.051
UBS AG LONDON	56,870	2,969	0.052
UNION BANK OF SWITZERLAND TOKYO	2,900	462	0.159
VARDEPAPPER STOCKHOLM	98,300	5,325	0.054
WARBURG DILLON READ (ASIA) LTD SINGAPOR	11,000	1,255	0.114
WARBURG DILLON READ & ASSOC HONG KONG	9,000	582	0.065
WARBURG DILLON READ AUSTRALIA LTD SYDNEY	12,677	181	0.014
WARBURG DILLON READ LLC NEW YORK	870,700	15,360	0.018
WARBURG DILLON READ LONDON	395,750	9,266	0.023
WARBURG DILLON READ NEW ZEALAND	111,766	600	0.005
WARBURG S G & CO LTD NY	1,284,000	26,247	0.020
WESTLB SECS PACIFIC LTD HONG KONG	8,000	372	0.047
WESTLB SECS PACIFIC LTD TOKYO	9,000	367	0.041
WOOD GUNDY	<u>52,000</u>	<u>2,101</u>	0.040
Total International Commissions and Shares	<u>213,206,635</u>	<u>\$2,646,616</u>	
Grand Total Commissions and Shares	<u>271,103,304</u>	<u>\$5,159,035</u>	

ARIZONA STATE RETIREMENT SYSTEM

LIST OF INVESTMENTS

AS OF JUNE 30, 1999

TEMPORARY INVESTMENTS

CURRENCY DEPOSITS

	PAR VALUE	MARKET VALUE
AUSTRALIAN DOLLAR	\$ 1,242	\$ 821
CANADIAN DOLLAR	3	2
DANISH KRONE	815	113
EURO CURRENCY UNIT	3,392,072	3,498,583
SWISS FRANC	752	483
HONG KONG DOLLAR	559	72
JAPANESE YEN	125,625,787	1,038,487
MALAYSIAN RINGGIT	17,393,587	4,121,703
NEW ZEALAND DOLLAR	30,585	16,193
SINGAPORE DOLLAR	16,264	9,556
S AFRICAN COMM RAND	5,206	863
SWEDISH KRONA	43,475	5,123
UK POUND	331,448	522,444
NORWEGIAN KRONE	457	<u>58</u>

TOTAL CURRENCY DEPOSITS

9,214,501

MONEY MARKET INVESTMENTS

TBC INC POOLED EMPLOYEE FUNDS	599,449,994	599,449,994
BGI MONEY MARKET FUND	96,547	96,547
BSDT-LATE MONEY DEP ACCT	4,224,465	4,224,465
EB TEMPORARY INVESTED FUND	24	<u>24</u>

TOTAL MONEY MARKET INVESTMENTS

603,771,030

TOTAL TEMPORARY INVESTMENTS

\$ 603,771,030

ARIZONA STATE RETIREMENT SYSTEM

UNITED STATES TREASURY & GOVERNMENT AGENCY SECURITIES

UNITED STATES TREASURY ZERO COUPON SECURITIES

CERTIFICATE OF ACCRUAL ON UNITED STATES TREASURY SECURITIES

RATE	MATURITY	PAR VALUE	MARKET VALUE
0.000%	5-15-2004	\$ 44,306,000	\$ 33,009,742
0.000%	8-15-2001	13,452,000	11,897,218
0.000%	2-15-2002	22,810,000	19,575,086

COUPON TREASURY RECEIPTS ON TREASURY BONDS-INTEREST PAYMENTS

RATE	MATURITY	PAR VALUE	MARKET VALUE
0.000%	8-15-2002	11,000,000	9,150,900
0.000%	5-15-2004	27,735,000	20,663,684
0.000%	2-15-2004	5,980,840	4,527,556
0.000%	8-15-2001	18,871,306	16,690,161
0.000%	8-15-2002	1,680,000	1,397,592
0.000%	8-15-2003	20,802,380	16,259,348
0.000%	8-15-2004	18,412,220	13,530,404
0.000%	11-15-2006	4,977,164	3,140,839
0.000%	2-15-2003	23,665,140	19,062,980
0.000%	8-15-2003	20,765,938	16,230,864
0.000%	2-15-2004	5,523,037	4,180,994

UNITED STATES TREASURY STRIPPED COUPON

RATE	MATURITY	PAR VALUE	MARKET VALUE
0.000%	11-15-2004	3,043,000	2,224,250
0.000%	11-15-2021	4,300,000	1,065,368
0.000%	2-15-2001	12,242,000	11,215,508
0.000%	11-15-2001	7,322,000	6,423,591
0.000%	8-15-2002	3,131,000	2,630,384
0.000%	2-15-2004	1,765,000	1,354,337
0.000%	2-15-2005	125,000	89,911
0.000%	8-15-2012	7,450,000	3,290,218
0.000%	5-15-2004	4,548,000	3,437,333
0.000%	11-15-2004	386,000	282,807
0.000%	5-15-2006	2,145,000	1,428,377
0.000%	5-15-2007	2,150,000	1,342,761
0.000%	11-15-2001	14,000,000	12,180,840
0.000%	2-15-2002	4,000,000	2,316,339

ARIZONA STATE RETIREMENT SYSTEM

PRINCIPAL TREASURY RECEIPT

RATE	MATURITY	PAR VALUE	MARKET VALUE
0.000%	2-15-2003	63,428,000	51,093,157
0.000%	8-15-2004	56,213,000	41,308,685
0.000%	2-15-2001	33,055,000	30,149,466
0.000%	5-15-2001	30,578,000	27,470,052
0.000%	2-15-2002	5,425,000	4,655,627

RESOLUTION FUNDING CORPORATION STRIPPED COUPON

RATE	MATURITY	PAR VALUE	MARKET VALUE
0.000%	10-15-2003	40,348,000	31,167,216
0.000%	4-15-2005	6,308,000	4,462,279
0.000%	1-15-2003	10,000,000	8,101,200
0.000%	1-15-2005	37,848,000	27,184,326
0.000%	7-15-2005	46,313,000	32,247,279
0.000%	7-15-2007	7,662,000	4,599,575
0.000%	10-15-2019	6,570,000	1,787,434
0.000%	9-25-2019	893,976	890,784
0.000%	9-25-2021	516,324	516,319

UNITED STATES TREASURY INVESTMENT GROWTH RECEIPTS

RATE	MATURITY	PAR VALUE	MARKET VALUE
0.000%	5-15-2004	7,588,000	5,653,364
0.000%	5-15-2004	3,220,000	2,399,029
0.000%	2-15-2004	3,852,000	2,916,003

RESOLUTION FUNDING CORPORATION BONDS

RATE	MATURITY	PAR VALUE	MARKET VALUE
8.125%	10-15-2019	16,500,000	19,568,010

UNITED STATES TREASURY BONDS

RATE	MATURITY	PAR VALUE	MARKET VALUE
8.250%	5-15-2005	10,000,000	10,207,800
8.750%	11-15-2008	11,925,000	13,167,824
12.750%	11-15-2010	4,800,000	6,470,976
10.375%	11-15-2012	12,000,000	15,290,640

ARIZONA STATE RETIREMENT SYSTEM

RATE	MATURITY	PAR VALUE	MARKET VALUE
12.000%	8-15-2013	10,010,000	14,054,641
11.625%	11-15-2004	10,000,000	12,623,400
10.750%	8-15-2005	10,000,000	12,431,200
10.625%	8-15-2015	5,000,000	7,192,950
7.250%	5-15-2016	8,000,000	8,798,720
8.875%	8-15-2017	15,000,000	19,162,500
8.125%	8-15-2019	14,500,000	17,513,245
8.000%	11-15-2021	13,000,000	15,675,140
6.250%	8-15-2023	12,200,000	12,257,218
6.750%	8-15-2026	2,170,000	2,323,245
6.375%	8-15-2027	28,680,000	29,388,109
6.125%	11-15-2027	20,870,000	20,729,754
5.500%	8-15-2028	13,695,000	12,539,416
5.250%	11-15-2028	13,395,000	11,873,462
5.250%	2-15-2029	14,875,000	13,364,295
3.875%	4-15-2029	26,572,618	26,207,244

UNITED STATES TREASURY NOTES

RATE	MATURITY	PAR VALUE	MARKET VALUE
5.875%	2-15-2000	2,060,000	2,068,693
6.250%	2-28-2002	33,265,000	33,763,975
6.625%	3-31-2002	7,000,000	7,173,880
6.250%	6-30-2002	12,500,000	12,705,125
6.125%	8-15-2007	11,000,000	11,118,580
6.000%	8-15-2000	13,000,000	13,083,330
6.250%	8-31-2002	11,500,000	11,692,280
3.625%	1-15-2008	55,359,551	53,785,125
5.375%	2-15-2001	7,000,000	6,989,080
5.500%	5-31-2003	1,955,000	1,940,025
5.375%	6-30-2003	20,980,000	20,727,611
4.250%	11-15-2003	4,250,000	4,012,935
4.750%	11-15-2008	1,980,000	1,818,194
5.250%	5-15-2004	15,510,000	15,241,057
5.500%	5-15-2009	5,000,000	4,884,350
5.250%	5-31-2001	11,110,000	11,057,894
5.750%	6-30-2001	3,000,000	3,012,660
8.000%	5-15-2001	10,000,000	10,434,400
7.500%	11-15-2001	11,500,000	11,979,780
6.250%	2-15-2003	5,000,000	5,089,850
5.500%	4-15-2000	6,000,000	6,010,320
5.750%	8-15-2003	17,500,000	17,510,850
7.250%	5-15-2004	11,000,000	11,680,570

ARIZONA STATE RETIREMENT SYSTEM

RATE	MATURITY	PAR VALUE	MARKET VALUE
7.250%	8-15-2004	4,500,000	4,786,875
6.875%	3-31-2000	9,000,000	9,108,270
6.500%	5-15-2005	10,000,000	10,306,200
6.875%	5-15-2006	645,000	679,062
7.000%	7-15-2006	5,000,000	5,296,100
8.500%	2-15-2000	13,000,000	13,266,110
6.500%	10-15-2006	15,190,000	15,683,675

FEDERAL HOME LOAN MORTGAGE CORP

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#G0-0825	7.00%	12-1-2027	10,012,006	9,942,923
#G0-0673	8.00%	2-1-2027	9,194,295	9,461,482
#G4-0301	6.00%	12-1-2003	3,963,178	3,905,078
#D9-1098	8.50%	6-1-2015	132,779	139,252
#D7-5503	7.50%	10-1-2026	1,678,489	1,700,511
#D7-8256	7.50%	3-1-2027	1,392,757	1,411,030
#D7-8308	7.50%	2-1-2027	1,782,988	1,806,381
#D7-8408	7.50%	2-1-2027	125,689	127,338
#D7-8545	7.50%	3-1-2027	790,342	800,712
#D7-8527	7.50%	2-1-2027	2,783,548	2,820,068
#D8-1677	8.00%	8-1-2027	1,318,627	1,356,947
#D8-1875	7.50%	8-1-2027	212,798	215,590
#D8-1954	8.00%	8-1-2027	2,207,200	2,271,342
#D8-5767	7.50%	10-1-2024	1,607,964	1,630,073
#D8-6004	6.50%	2-1-2028	8,300,090	8,032,910
#D8-6351	6.00%	2-1-2028	3,678,212	3,468,995
#C0-0785	6.50%	6-1-2029	16,819,069	16,277,663
#C0-0581	7.00%	2-1-2028	18,287,985	18,161,798
#C0-0653	6.50%	7-1-2028	5,210,253	5,042,535
#C0-0654	7.00%	7-1-2028	622,158	617,100
#C0-0701	6.50%	1-1-2029	93,978	90,953
#C0-0712	6.50%	2-1-2029	9,926,702	9,607,162
#C0-0716	6.00%	2-1-2029	9,910,468	9,346,761
#C0-0742	6.50%	4-1-2029	7,963,990	7,707,629
#C0-0760	6.50%	5-1-2029	3,989,857	3,861,424
#C1-1608	7.00%	6-1-2028	2,326,294	2,307,381
#C1-1622	7.00%	6-1-2028	2,611,393	2,590,163
#C1-1656	7.00%	6-1-2028	1,940,900	1,925,121
#C1-1999	7.00%	7-1-2028	1,244,932	1,234,811
#C1-4915	6.50%	9-1-2028	796,782	771,134
#C1-7057	6.50%	11-1-2028	4,967,207	4,813,224
#C2-5278	6.50%	4-1-2029	11,001,095	10,646,970
#C2-4626	6.50%	4-1-2029	927,368	897,516

ARIZONA STATE RETIREMENT SYSTEM

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#C2-6229	6.50%	5-1-2029	692,660	670,364
#C2-5413	6.50%	4-1-2029	6,000,598	5,807,439
#C2-5479	6.50%	4-1-2029	26,130	25,289
#C2-5620	6.50%	5-1-2029	1,745,905	1,689,704
#C2-5622	6.50%	5-1-2029	1,241,366	1,201,406
#C2-6055	6.50%	5-1-2029	1,148,941	1,111,957
#C2-6118	6.50%	5-1-2029	904,749	875,625
#C2-6467	6.50%	5-1-2029	150,385	145,544
#C2-6662	6.50%	5-1-2029	49,825	48,221
#C2-8055	7.00%	6-1-2029	2,633,813	2,612,400
#C2-8064	7.00%	6-1-2029	10,700,181	10,625,490
#C2-7220	6.50%	6-1-2029	3,012,132	2,915,172
#C2-7238	6.50%	5-1-2029	25,237	24,424
#C2-7267	6.50%	6-1-2029	1,293,078	1,251,454
#C2-7300	7.00%	6-1-2029	25,001	24,798
#C2-7320	7.00%	6-1-2029	275,819	273,577
#C2-7354	6.50%	6-1-2029	500,000	483,905
#C2-7578	6.50%	6-1-2029	1,852,581	1,792,946
#C2-7583	6.50%	6-1-2029	999,820	967,636
#C2-7633	6.50%	6-1-2029	3,000,300	2,903,720
#C2-7772	6.50%	6-1-2029	391,574	378,969
#C2-7846	6.50%	6-1-2029	899,904	870,936
#C2-8148	7.00%	7-1-2029	5,947,111	5,898,761
#C2-8149	7.00%	6-1-2029	6,789,220	6,734,024
#C2-8195	6.50%	6-1-2029	2,013,660	1,948,840
#C2-8196	6.50%	6-1-2029	2,014,557	1,949,708
#C2-8188	6.50%	6-1-2029	3,000,300	2,903,720
#C2-8217	6.50%	6-1-2029	40,331	39,033
#C2-8218	6.50%	6-1-2029	50,370	48,749
#C2-8233	6.50%	6-1-2029	3,000,300	2,903,720
#C2-8237	7.00%	6-1-2029	631,456	626,322
#C2-8289	6.50%	7-1-2029	2,000,200	1,935,814
#C2-8290	6.50%	7-1-2029	69,021	66,799
#C2-8322	7.00%	6-1-2029	310,000	308,016
#C2-8294	6.50%	7-1-2029	3,000,300	2,903,720
#C2-8298	6.50%	7-1-2029	3,000,300	2,903,720
#E0-0279	6.50%	2-1-2009	13,703,590	13,593,550
#E0-0535	6.00%	2-1-2013	10,459,192	10,132,342
#C8-0161	7.50%	6-1-2024	1,237,947	1,254,969
#C8-0206	7.50%	8-1-2024	1,711,739	1,735,275
CTFS 1-A	10.15%	4-15-2006	58,537	58,575
CTF 1965 A	0.00%	3-15-2024	525,000	266,044
CTF 2019 B	6.50%	7-15-2016	9,105,585	9,105,585
SER L -5	7.90%	5-1-2001	229,836	235,437
#22-0010	8.75%	8-1-2001	260,856	274,793

ARIZONA STATE RETIREMENT SYSTEM

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#50-1733	8.50%	12-1-2004	123,287	126,754
#50-2202	8.00%	10-1-2002	261,675	264,970
#D5-0469	6.50%	3-1-2024	3,162,028	3,076,053

FEDERAL HOME LOAN MORTGAGE CORP

	RATE	MATURITY	PAR VALUE	MARKET VALUE
FEDERAL HOME LN BK CONS BDS	5.62%	8-10-2000	7,000,000	6,998,880
FEDERAL FARM LN BK CONS BDS	5.38%	3-2-2001	20,000,000	19,887,400
FEDERAL HOME LN BK CONS BDS	5.13%	4-17-2001	10,000,000	9,893,700

COMMITMENTS TO PURCHASE FHLMC

RATE	MATURITY	PAR VALUE	MARKET VALUE
6.500%	7-15-2029	74,600,000	72,198,626
6.500%	7-15-2029	15,000,000	14,564,063

FEDERAL NATIONAL MORTGAGE ASSOCIATION GTD. REMIC PASS THRU CTFS

RATE	MATURITY	PAR VALUE	MARKET VALUE
6.560%	11-26-2007	20,000,000	19,621,800
5.13%	2-13-2004	20,000,000	19,175,000
5.38%	3-15-2002	5,000,000	4,932,050
6.50%	4-29-2009	10,000,000	9,670,300
0.00%	2-25-2024	545,000	357,585
0.00%	4-25-2024	475,000	238,355
0.00%	12-25-2023	385,000	186,371
6.97%	9-4-2007	10,000,000	9,979,700
6.78%	10-22-2007	20,000,000	19,793,800
6.42%	2-12-2008	10,000,000	9,640,600
6.01%	9-24-2008	20,000,000	18,831,200
5.95%	11-20-2008	10,000,000	9,375,000
6.10%	2-4-2009	700,000	664,125

FEDERAL NATIONAL MORTGAGE ASSOCIATION

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#0002497	11.00%	1-1-2016	5,413,965	5,877,562
#0050945	6.00%	12-1-2023	3,444,300	3,264,542
#0100194	11.50%	1-1-2028	6,555,434	7,276,532
#0100209	13.50%	6-15-2015	1,773,468	2,030,620
#0124007	8.00%	12-1-2006	9,363,137	9,696,465

ARIZONA STATE RETIREMENT SYSTEM

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#0124834	8.00%	4-1-2023	16,327,094	16,854,459
#0149168	10.00%	4-1-2020	3,115,165	3,337,401
#0251190	7.00%	9-1-2027	4,148,667	4,115,892
#0250841	6.00%	1-1-2004	1,732,190	1,702,933
#0250904	5.50%	1-1-2012	62,045	58,826
#0251885	7.00%	7-1-2013	2,731,254	2,749,827
#0251925	6.50%	7-1-2028	11,862,325	11,473,003
#0252164	5.50%	12-1-2013	25,348	24,033
#0252257	5.50%	1-1-2014	6,496,112	6,159,093
#0252493	5.50%	6-1-2014	995,930	944,261
#0252565	5.50%	6-1-2014	481,383	456,409
#0303670	6.50%	1-1-2026	3,676,990	3,560,908
#0303866	12.00%	1-1-2016	3,687,244	4,138,599
#0313118	11.00%	12-1-2015	8,738,427	9,645,039
#0313492	10.00%	7-1-2016	3,385,596	3,605,118
#0313522	7.00%	5-1-2012	7,238,128	7,287,347
#0313575	6.00%	6-1-2004	2,249,600	2,211,604
#0313687	7.00%	9-1-2027	11,849,221	11,755,612
#0313900	9.50%	11-1-2022	4,595,151	4,957,892
#0323043	12.00%	8-1-2015	4,999,339	5,597,960
#0323507	5.50%	1-1-2014	1,903,005	1,781,442
#0354182	7.50%	11-1-2026	8,207,370	8,307,336
#0357002	7.50%	6-1-2027	20,582,651	20,862,575
#0367504	7.50%	5-1-2027	1,332,565	1,348,796
#0374649	6.00%	3-1-2004	244,861	240,725
#0377761	5.50%	4-1-2012	194,039	183,972
#0394764	6.50%	6-1-2025	3,329,480	3,236,854
#0407309	5.50%	12-1-2013	1,897,668	1,799,217
#0408139	6.50%	1-1-2028	1,689,100	1,633,664
#0412810	6.50%	3-1-2013	4,079,583	4,026,019
#0414804	5.50%	5-1-2014	52,774	50,036
#0419594	6.00%	9-1-2028	4	4
#0420905	6.00%	3-1-2028	6,375,045	6,006,440
#0423935	5.50%	9-1-2013	466,666	442,455
#0424003	5.50%	12-1-2013	1,258,558	1,193,264
#0426441	5.50%	8-1-2013	95,094	90,160
#0431137	5.50%	7-1-2013	35,275	33,578
#0430955	5.50%	12-1-2013	967,158	916,982
#0430957	5.50%	12-1-2013	477,158	452,403
#0433586	5.50%	9-1-2013	50,360	47,747
#0434436	5.50%	12-1-2013	11,498,633	10,902,083
#0434602	6.50%	9-1-2013	24,058	23,742
#0439961	5.50%	11-1-2013	47,673	45,200
#0440754	5.50%	12-1-2013	41,854	39,683
#0440873	5.50%	11-1-2013	29,241	27,724

ARIZONA STATE RETIREMENT SYSTEM

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#0442848	5.50%	12-1-2013	988,565	937,279
#0442572	5.50%	12-1-2013	28,644	27,158
#0443104	5.50%	12-1-2013	5,826,639	5,524,353
#0443169	5.50%	9-1-2013	470,172	445,780
#0443254	5.50%	11-1-2013	24,103	22,853
#0445254	5.50%	12-1-2013	1,594,085	1,511,384
#0446492	5.50%	12-1-2013	66,087	62,658
#0446493	5.50%	12-1-2013	314,210	297,909
#0446494	5.50%	12-1-2013	1,439,066	1,364,407
#0446499	5.50%	12-1-2013	285,921	271,088
#0446500	5.50%	12-1-2013	495,619	469,906
#0445996	5.50%	2-1-2014	103,776	98,392
#0446501	5.50%	12-1-2013	985,251	934,136
#0446502	5.50%	12-1-2013	958,631	908,898
#0446960	5.50%	11-1-2013	967,478	917,285
#0447717	5.50%	12-1-2013	25,696	24,363
#0449178	5.50%	12-1-2013	236,586	224,312
#0448309	5.50%	12-1-2013	963,266	913,292
#0448457	5.50%	12-1-2013	76,562	72,590
#0448650	6.50%	12-1-2028	9,431,732	9,122,183
#0448884	5.50%	12-1-2013	216,508	205,275
#0450023	5.50%	12-1-2013	944,820	895,803
#0450062	5.50%	12-1-2013	965,729	915,627
#0449211	5.50%	12-1-2013	5,773,730	5,474,189
#0450173	5.50%	12-1-2013	973,692	923,177
#0450176	5.50%	12-1-2013	513,563	486,920
#0450300	5.50%	12-1-2013	2,772,905	2,629,047
#0450464	5.50%	12-1-2013	87,371	82,838
#0450603	6.00%	12-1-2028	2,996,428	2,823,175
#0450652	6.00%	12-1-2028	1,003,465	945,445
#0452785	5.50%	12-1-2013	1,926,592	1,826,640
#0451936	5.50%	11-1-2013	96,163	91,174
#0451990	5.50%	11-1-2013	285,186	270,391
#0451993	5.50%	11-1-2013	264,941	251,196
#0452016	5.50%	12-1-2013	978,868	928,084
#0452017	5.50%	12-1-2013	987,502	936,270
#0452344	5.50%	12-1-2013	967,722	917,517
#0452331	5.50%	12-1-2013	1,912,919	1,813,677
#0452394	5.50%	3-1-2014	985,403	934,280
#0452824	5.50%	11-1-2013	78,035	73,986
#0452960	5.50%	12-1-2013	431,312	408,936
#0452989	5.50%	12-1-2013	947,514	898,357
#0453131	5.50%	12-1-2013	454,173	430,611
#0453508	5.50%	12-1-2013	483,789	458,690
#0454420	5.50%	12-1-2013	788,750	747,830

ARIZONA STATE RETIREMENT SYSTEM

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#0455470	5.50%	12-1-2013	287,960	273,020
#0454867	5.50%	12-1-2013	983,397	932,378
#0455163	6.00%	12-1-2013	4,782,946	4,628,983
#0456269	5.50%	12-1-2013	106,891	101,346
#0456350	5.50%	12-1-2013	3,022,694	2,865,876
#0456369	5.50%	1-1-2014	1,947,369	1,846,339
#0456382	5.50%	12-1-2013	943,637	894,681
#0455589	5.50%	12-1-2013	877,209	831,700
#0455640	5.50%	12-1-2013	3,726,510	3,533,179
#0455641	5.50%	12-1-2013	457,924	434,167
#0455846	5.50%	12-1-2013	49,004	47,427
#0455863	5.50%	11-1-2013	792,717	751,590
#0455869	5.50%	12-1-2013	32,720	31,022
#0456131	6.00%	12-1-2028	3,925,876	3,698,882
#0456203	5.50%	12-1-2013	3,496,206	3,314,823
#0456580	5.50%	12-1-2013	6,740,111	6,390,434
#0456619	5.50%	12-1-2013	159,090	150,836
#0456645	5.50%	2-1-2014	46,495	44,083
#0456934	5.50%	12-1-2013	2,206,288	2,091,825
#0456992	5.50%	12-1-2013	967,318	917,134
#0457119	5.50%	12-1-2013	927,730	879,599
#0459109	5.50%	1-1-2014	735,773	697,601
#0459245	5.50%	2-1-2014	516,658	489,854
#0459349	5.50%	2-1-2014	984,177	933,118
#0459660	5.50%	1-1-2014	100,827	95,596
#0479380	5.50%	2-1-2014	956,585	906,957
#0479388	5.50%	2-1-2014	80,702	76,515
#0480579	5.50%	3-1-2014	821,251	778,644
#0479894	5.50%	3-1-2014	44,964	42,632
#0479955	5.50%	2-1-2014	975,563	924,951
#0480013	5.50%	2-1-2014	50,486	47,867
#0481571	6.50%	2-1-2029	3,907,925	3,779,667
#0481623	6.00%	1-1-2029	3,000,298	2,826,821
#0482213	5.50%	4-1-2014	105,131	99,677
#0483290	5.50%	2-1-2014	975,382	924,779
#0483298	5.50%	2-1-2014	1,000,099	948,214
#0482515	5.50%	1-1-2014	887,337	841,302
#0484972	6.50%	6-1-2014	5,000,277	4,945,774
#0486542	5.50%	1-1-2014	976,594	925,929
#0486581	5.50%	2-1-2014	28,677	27,189
#0488149	5.50%	3-1-2014	988,453	937,172
#0489270	5.50%	3-1-2014	865,850	820,930
#0489851	5.50%	3-1-2014	984,929	933,830
#0491030	5.50%	7-1-2014	483,441	458,360
#0491357	5.50%	6-1-2014	825,949	783,099

ARIZONA STATE RETIREMENT SYSTEM

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#0492342	6.00%	5-1-2029	9,990,786	9,413,119
#0491680	5.50%	3-1-2014	92,592	87,789
#0492156	5.50%	3-1-2014	68,030	64,500
#0492212	5.50%	4-1-2014	77,580	73,555
#0492559	5.50%	5-1-2014	853,150	808,889
#0493138	5.50%	5-1-2014	60,585	57,442
#0499394	6.00%	5-1-2029	4,994,627	4,705,838

COMMITMENTS TO PURCHASE FNMA

RATE	MATURITY	PAR VALUE	MARKET VALUE
5.50%	7-1-2014	4,200,000	3,982,146
6.00%	7-25-2029	44,040,000	41,638,442
6.50%	7-1-2029	100,320,000	97,326,050
7.00%	7-1-2029	24,680,000	24,521,893
7.50%	7-25-2029	13,300,000	13,493,265

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#0346013	6.500%	1-15-2024	6,161,607	5,974,787
#0348869	7.500%	7-15-2023	10,356,425	10,522,127
#0349384	7.500%	6-15-2023	2,596,062	2,637,599
#0361347	7.500%	8-15-2023	2,744,864	2,788,782
#0394819	7.000%	7-15-2028	827,877	818,820
#0416202	7.000%	2-15-2029	4,657,876	4,606,919
#0432716	7.500%	6-15-2026	55,559	56,201
#0434110	7.000%	12-15-2028	1,959,944	1,938,502
#0434136	7.000%	12-15-2028	1,965,681	1,944,176
#0434142	7.000%	12-15-2028	675,636	668,245
#0446697	7.000%	8-15-2028	1,021,070	1,009,900
#0454186	7.000%	7-15-2028	2,644,277	2,615,348
#0456223	6.500%	3-15-2028	4,675,550	4,507,510
#0457860	7.000%	1-15-2029	639,519	632,522
#0458806	6.500%	2-15-2028	6,450,244	6,218,422
#0464436	7.000%	12-15-2028	985,325	974,545
#0463983	7.000%	7-15-2028	3,192,637	3,157,710
#0464186	7.000%	9-15-2028	3,192,769	3,157,840
#0464896	7.000%	8-15-2028	27,949	27,643
#0469701	7.000%	11-15-2028	966,910	956,332
#0470016	7.000%	2-15-2029	991,792	980,942
#0471756	7.000%	7-15-2028	4,338,331	4,290,870
#0471977	7.000%	7-15-2028	105,750	104,593

ARIZONA STATE RETIREMENT SYSTEM

POOL#	RATE	MATURITY	PAR VALUE	MARKET VALUE
#0472679	7.000%	6-15-2028	7,760,497	7,675,597
#0472806	7.000%	9-15-2028	500,375	494,901
#0477064	7.000%	12-15-2028	2,012,985	1,990,963
#0480124	7.000%	7-15-2028	621,764	614,962
#0480308	7.000%	12-15-2028	177,219	175,280
#0481193	7.000%	9-15-2028	55,059	54,456
#0481896	7.000%	7-15-2028	417,161	412,597
#0482118	7.000%	8-15-2028	1,506,222	1,489,744
#0482744	7.000%	9-15-2028	4,347,830	4,300,264
#0484114	7.000%	12-15-2028	1,892,382	1,871,680
#0484127	7.000%	1-15-2029	95,296	94,253
#0484343	7.000%	9-15-2028	982,775	972,024
#0486526	7.000%	9-15-2028	986,486	975,693
#0486849	7.000%	1-15-2029	114,687	113,432
#0488922	7.000%	11-15-2028	872,250	862,708
#0490124	7.000%	1-15-2029	929,191	919,025
#0491762	7.000%	12-15-2028	2,878,950	2,847,454
#0492047	7.000%	11-15-2028	46,889	46,376
#0492113	7.000%	12-15-2028	91,606	90,604
#0496890	7.000%	1-15-2029	72,512	71,719
#0495796	7.000%	12-15-2028	1,895,656	1,874,918
#0496800	7.000%	1-15-2029	2,013,265	1,991,239
#0496644	7.000%	12-15-2028	361,534	357,579
#0496692	7.000%	12-15-2028	2,524,025	2,496,412
#0496759	7.000%	1-15-2029	2,013,600	1,991,571
#0497515	7.000%	1-15-2029	154,141	152,454
#0499509	7.000%	1-15-2029	346,757	342,964
#0499511	7.000%	1-15-2029	638,863	631,874
#0503775	7.000%	2-15-2029	2,920,626	2,888,675
#0504238	6.000%	3-15-2029	8,124,703	7,614,309
#0167575	8.500%	2-20-2017	189,638	198,553
#0167579	8.500%	1-20-2017	298,759	312,803
#0170904	8.500%	1-20-2017	102,407	107,207
#0191704	8.500%	2-20-2017	55,490	58,091
#0191514	9.000%	11-15-2016	10,766	11,452
#0195947	8.500%	3-20-2017	59,415	62,200
#0199244	8.500%	10-20-2016	44,543	46,637
#0270629	7.500%	7-15-2023	2,708,306	2,751,639
#0271145	8.500%	8-15-2024	7,667	8,034
#0292809	9.500%	7-15-2020	1,290,603	1,385,126
#0292852	9.500%	8-15-2020	1,793,525	1,924,882
#0292891	9.500%	9-15-2020	924,288	991,983
#0336965	8.500%	3-15-2023	315,053	330,311
#0341401	7.000%	12-15-2022	2,866,993	2,849,504
#0780234	9.500%	12-15-2021	3,649,183	3,916,449
#0780590	7.000%	12-15-2023	23,097,724	22,956,828

ARIZONA STATE RETIREMENT SYSTEM

COMMITMENTS TO PURCHASE GNMA

RATE	MATURITY	PAR VALUE	MARKET VALUE
6.000%	7-15-2014	3,830,000	3,718,700
7.000%	7-15-2029	25,000,000	24,726,500

GUARANTEED TRADE TRUST

BGI MTG-BACKED SECURITIES INDEX FD	30,680,057	641,784,723
BGI INTERMEDIATE GOVERNMENT BOND INDEX FD	<u>26,344,339</u>	<u>520,673,455</u>

TOTAL UNITED STATES TREASURY & GOVERNMENT AGENCY SECURITIES	<u>2,525,465,325</u>	<u>3,485,835,901</u>
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INVESTMENTS HELD BY BROKER – DEALERS UNDER SECURITY LOAN PROGRAM		<u>(538,982,664)</u>
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UNITED STATES TREASURY & GOVERNMENT AGENCY SECURITIES – NET OF SECURITY LOAN PROGRAM ACTIVITY		<u>\$ 2,946,853,237</u>
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ARIZONA STATE RETIREMENT SYSTEM

CORPORATE OBLIGATIONS

CORPORATE BONDS

SECURITY NAME	RATE	MATURITY	PAR VALUE	MARKET VALUE
ABN AMRO BK NV CHICAGO SUB NTS	7.125	6-18-2007	\$ 5,000,000	\$ 5,031,200
AFC CAP TR I CAP SECS	8.207	2-15-2027	2,785,000	2,893,531
AFLAC INC SR NT	6.500	4-15-2009	240,000	239,359
AMR CORP DEL DEB	9.000	8-1-2012	5,000,000	5,507,900
AT&T CORPS BONDS	5.625	3-15-2004	910,000	880,543
AT&T CORPS BONDS	6.000	3-15-2009	5,630,000	5,291,018
AT & T CORP BDS	6.500	3-15-2029	2,520,000	2,274,149
AT & T CAP CORP MTN TR 00645	7.500	11-15-2000	4,000,000	4,029,760
AT&T CAP CORP NTS	6.875	1-16-2001	2,315,000	2,315,972
AT & T CAP CORP NT	6.750	2-4-2002	1,000,000	993,000
AMERICAN RE CORP SR NT SER B	7.450	12-15-2026	2,990,000	3,005,309
AMOCO CORP GTD BDS	6.000	6-9-2008	4,185,000	3,906,279
ARCHER DANIELS-MIDLAND NTS	6.625	5-1-2029	280,000	256,309
ASSET SECURITIZATION 96-D2 A1	6.920	2-14-2029	4,669,862	4,697,040
ASSET SECUR CORP 97-D4 CL A-1D	7.490	4-14-2029	3,304,000	3,397,999
ASSOCIATES NORTH AMER MTN	6.690	4-1-2003	9,050,000	9,069,910
ASSOC CORP NA NTS	5.750	11-1-2003	4,000,000	3,890,720
ASSOC CORP NA BDS	6.250	11-1-2008	8,360,000	7,977,614
BANK ONE MTN # TR 00061	5.625	2-17-2004	4,675,000	4,496,509
BANK ONE CORP MTN SB 00001	6.000	2-17-2009	2,000,000	1,842,800
BANKBOSTON TR 97-1 CL A-5	6.350	10-15-2005	3,598,019	3,607,806
BANKAMERICA CORP MTN #00008	5.750	3-1-2004	2,000,000	1,917,860
BANKUNITED FSB MTN # SR 00001	5.400	2-2-2004	10,000,000	9,511,700
BAXTER INTL INC NT	7.625	11-15-2002	5,000,000	5,156,300
BEAR STEARNS STRUCTURED SECS	7.000	8-25-2036	8,000,000	7,769,680
BURLINGTON NORTH RAILRD 96-B	6.960	3-22-2009	12,346,694	12,225,573
BURLINGTON NORTH SANTA FE	var rate	5-13-2029	4,195,000	4,109,128
CMS PANHANDLE HLDGS CO NT 144A	6.125	3-15-2004	1,200,000	1,167,372
CALENERGY CO INC SR NTS	6.960	9-15-2003	5,000,000	4,996,400
CHASE COML MTG SECS 98-2 CL A2	6.390	11-18-2030	4,900,000	4,717,475
CHASE CREDIT CARD 97-2 CL A	6.300	4-15-2003	2,000,000	2,013,580
CHASE MANHATTAN CORP NEW NT	5.750	4-15-2004	1,100,000	1,060,059
CHEVY CHASE AUTO 97-2 CL A	6.350	1-15-2004	1,842,573	1,853,500
CITICORP SUB NT	6.375	1-15-2006	5,000,000	4,856,150
CITIBANK CR CD 1997-2 CL A	6.550	2-15-2004	8,690,000	8,749,700
CITIBANK CR CARD MASTER TR991A	5.500	2-15-2006	2,000,000	1,921,860
CITIBANK CR CARD TR I 99-2 A	5.875	3-10-2011	3,500,000	3,259,375
CITIZENS UTILS CO DEL DEB MBIA	7.000	11-1-2025	7,000,000	6,590,920
COCA COLA ENTERPRISES INC DEB	6.950	11-15-2026	1,500,000	1,432,395
COCA COLA ENTERPRS MTN TR00014	5.710	3-18-2037	2,965,000	2,873,263
COMM 99-1 COML MTG CTF CL A2	6.455	9-15-2008	2,470,000	2,369,545
COML CR GROUP INC NT 6.000%	6.000	6-15-2000	4,000,000	4,000,200
COMMERICAL CAP ACCESS ONE INC	6.298	11-15-2028	4,807,395	4,693,220
CONOCO INC SR NTS	5.900	4-15-2004	3,000,000	2,927,340
CONOCO INC SR NTS	6.350	4-15-2009	5,725,000	5,494,912
CONOCO INC SR NTS	6.950	4-15-2029	8,500,000	7,957,870
CONSOLIDATED EDISON DEBENTURES	6.450	12-1-2007	5,000,000	4,906,950
CONSOLIDATED RAIL CORP DEB	7.875	5-15-2043	450,000	449,289
CONTIMORTGAGE HOME EQUITY 94-4	8.390	11-15-2018	4,600,000	4,739,799
COX ENTERPRISES INC NT 144A	6.625	6-14-2002	3,400,000	3,401,020

ARIZONA STATE RETIREMENT SYSTEM

SECURITY NAME	RATE	MATURITY	PAR VALUE	MARKET VALUE
DLJ COML MTG 98-CF1 CL A1A	6.140	10-15-2006	1,369,468	1,338,929
DLJ COML MTG CORP 98-CF1 A10	6.410	2-15-2008	5,000,000	4,795,300
DLJ COML MTG CTF 98-CG1 CL A1B	6.410	6-10-2031	6,650,000	6,403,352
DLJ COML MTG 99-CG1 CL A-1B	6.460	1-10-2009	3,500,000	3,384,850
JOHN DEERE CAPITAL CORP NTS	6.000	2-15-2009	1,700,000	1,571,752
DELTA FDG HOME EQ 97-4 CL A510	6.500	12-25-2000	31,500,000	2,704,590
DEUTSCHE MTG & ASSET 98-1 A2	6.538	6-15-2031	10,145,000	9,781,403
DIAGEO CAP PLC GTD NTS	6.125	8-15-2005	2,000,000	1,937,800
DISNEY WALT CO NEW MTN 00025	5.125	12-15-2003	8,000,000	7,616,720
DRESDNER FDG SILENT PRTRN 144A	8.151	6-30-2031	1,090,000	1,079,798
ENTERPRISE MTG ACCEP 99-1 A1	6.420	9-15-2008	3,687,617	3,612,684
FFCA SECD 1997-1 CL IO	var rate	7-18-2015	8,983,431	408,477
EXPORT IMPT BK KOREA GLOBAL NT	6.500	2-10-2002	3,000,000	2,898,780
FARMERS EXCHANGE CAP NTS 144A	7.050	7-15-2028	1,610,000	1,455,038
FEDERAL EXPRESS P/T TR SER B2	7.110	1-2-2014	3,660,227	3,593,809
FEDERAL EXPRESS 98-1 CTF 1A	6.720	1-15-2022	3,299,024	3,203,797
FINANCING CORP	9.800	4-6-2018	10,000,000	13,471,000
FINANCING CORP	9.650	11-2-2018	15,000,000	19,924,200
FINLAND REP NT	7.875	7-28-2004	3,000,000	3,218,160
FIRST SEC AUTO 99-2 CL A-3	6.000	10-15-2003	2,900,000	2,893,272
FIRST UN CORP SUB NTS	6.875	9-15-2005	5,000,000	5,036,650
FIRST UN INSTL CAP II CAP	7.850	1-1-2027	5,000,000	4,901,200
FIRST UNION-LEHMAN 98-C2 CL A2	6.560	11-18-2008	5,000,000	4,884,550
FIRSTPLUS HOME LN 97-1 A-6	6.950	12-10-2015	6,900,000	6,898,068
FLEET NATL BK PROVIDENCE R I	5.750	1-15-2009	2,500,000	2,260,200
FLORIDA WINDSTORM 99-A 144A	7.125	2-25-2019	1,765,000	1,693,288
FORD MOTOR CO DEBS	7.400	11-1-2046	1,600,000	1,557,888
FORD MTR CO DEL DEBS	6.625	10-1-2028	2,400,000	2,164,488
FORD MTR CR CO NT	7.500	1-15-2003	3,500,000	3,608,255
FORD MTR CR SR NTS	5.750	2-23-2004	4,585,000	4,424,754
FORT JAMES CORP SR NTS	6.875	9-15-2007	4,510,000	4,440,050
GE GLOBAL INS HLDG SHELF 2	6.450	3-1-2019	5,000,000	4,599,200
GMAC COML MTG CTF 98-C2 CL A2	6.420	5-15-2035	5,750,000	5,557,778
GMAC COML MTG CTF 99-C1 CL A2	6.175	5-15-2033	3,275,000	3,102,146
GTE CORP DEBS	6.840	4-15-2018	4,000,000	3,817,200
GENERAL MTRS ACCEP CORP	5.500	1-14-2002	7,000,000	6,853,560
GENERAL MTR ACCEP CORP	5.950	3-14-2003	960,000	937,430
GENERAL MTRS BNDS	6.750	5-1-2028	4,000,000	3,653,880
GREEN TREE FINL 97-1 CL A-6	7.290	3-15-2028	5,000,000	5,032,800
GREEN TREE FINL 97-5 CTF A-4	6.420	5-15-2029	5,700,000	5,714,478
GREENPOINT MFD HSG 99-1 CL A-2	6.010	8-15-2015	5,000,000	4,933,500
HELLER FIN INC MTN TR 00230	5.875	11-1-2000	2,000,000	1,993,000
HOUSEHOLD INTL NETHERLANDS NTS	6.200	12-1-2003	1,300,000	1,274,403
HYDER PLC BDS	7.375	12-15-2028	3,000,000	2,758,590
ILLINOIS PWR CO NEW MTG	7.500	6-15-2009	1,740,000	1,766,083
INTER AMERICAN DEV BK US\$ GBL	5.125	2-22-2001	2,000,000	1,980,500
INTER-AMERICAN DEV BK BDS	5.625	4-16-2009	5,000,000	4,683,500
IBM CORP NTS	5.375	2-1-2009	5,000,000	4,542,200
JCP MASTER CR CARD SER E CL A	5.500	6-15-2007	5,075,000	4,878,344
JOHNSON & JOHNSON DEB	8.720	11-1-2004	3,000,000	3,391,590
K N ENERGY INC SR NTS	6.650	3-1-2005	5,000,000	4,846,350
KEY AUTO FIN TR 97-2 CL A-5	6.250	10-15-2003	8,000,000	8,033,760
KOREA DEV BK NTS	7.125	4-22-2004	5,000,000	4,882,000
KOREA REP BDS	8.875	4-15-2008	1,840,000	1,920,739

ARIZONA STATE RETIREMENT SYSTEM

SECURITY NAME	RATE	MATURITY	PAR VALUE	MARKET VALUE
LEGRAND S A DEB	8.500	2-15-2025	5,000,000	5,543,900
LEHMAN BROS HLDGS INC	7.375	5-15-2007	3,000,000	3,029,610
LEHMAN BROTHERS HOLDING NTS	6.625	2-5-2006	3,000,000	2,921,100
LEHMAN BROS HLDGS INC	6.625	4-1-2004	1,000,000	974,140
LEHMAN BROS INC SR SUB NT	7.125	7-15-2002	6,000,000	6,031,740
LOCKHEED MARTIN GTD	7.250	5-15-2006	5,000,000	5,003,400
MCI COMMN CORP SHELF 6	7.125	6-15-2027	1,090,000	1,087,755
MMCA AUTO OWNER TR 98-1 CL A2	5.720	8-16-2004	1,178,885	1,178,885
MANITOBA PROV CDA DEB SER CO	8.875	9-15-2021	5,000,000	6,071,300
MCDONALDS CORP MTN TR 00077	5.950	1-15-2008	3,000,000	2,857,620
MERRILL LYNCH MTG 97-C1 CL A-3	7.120	6-18-2029	2,900,000	2,936,975
MERRILL LYNCH & CO INC NT	6.000	7-15-2005	5,000,000	4,831,200
MERRILL LYNCH & CO INC NTS	6.000	2-17-2009	5,000,000	4,619,000
MONEY STORE TR 97-C AH-4	6.375	3-15-2012	4,032,060	4,035,770
MORGAN J P & CO INC MTN 00022	6.000	1-15-2009	10,840,000	10,028,951
MORTGAGE CAP FDG 97-MC1 CL A-3	7.288	7-20-2027	12,220,000	12,525,744
NATIONAL CITY CORP SUB DEB	6.875	5-15-2019	9,500,000	8,846,970
NATIONSLINK FDG CORP 99-SL A-1	5.805	2-10-2001	3,484,931	3,480,679
NEW YORK TEL CO DEB	9.375	7-15-2031	3,500,000	3,854,025
NEWCOURT CR GROUP SER B 144A	6.875	2-16-2005	190,000	185,936
NEWCOURT EQUIP 98-2 CL A-3	5.450	10-15-2002	6,300,000	6,252,750
NEWS AMER INC SR DEBS	7.280	6-30-2028	5,000,000	4,616,750
NIAGARA MOHAWK PWR CORP SR NTS	7.750	10-1-2008	940,000	970,851
NORAM ENERGY CORP DEBS	6.500	2-1-2008	2,210,000	2,104,915
NORFOLK SOUTHERN CORP BDS	7.700	5-15-2017	4,000,000	4,107,320
NORFOLK SOUTHERN CORP BDS	7.800	5-15-2027	3,000,000	3,103,110
ONTARIO PROV CDA BD	7.375	1-27-2003	7,000,000	7,250,530
PACIFIC BELL DEB	7.375	6-15-2025	2,810,000	2,697,403
PACIFIC BELL	7.375	7-15-2043	4,000,000	3,925,440
PAINE WEBBER GROUP INC SR NT	6.375	5-15-2004	1,050,000	1,020,632
PEPSI BOTTLING GROUP SR NTS	7.000	3-1-2029	1,340,000	1,258,448
PHILIP MORRIS DEBS	7.750	1-15-2027	6,210,000	6,233,598
PHILLIPS 66 CAP TRUST II	8.000	1-15-2037	2,000,000	1,969,760
POTOMAC ELEC PWR CO 1ST MTG	5.625	10-15-2003	7,800,000	7,555,860
PRAXAIR INC NTS	6.150	4-15-2003	2,500,000	2,460,300
PREMIER AUTO TR 99-3 CL A-3	6.270	4-8-2003	3,100,000	3,103,875
PRIME CR CARD 95-1 CL A	6.750	11-15-2005	10,985,000	11,151,549
PROCTER & GAMBLE CO NTS	5.250	9-15-2003	2,000,000	1,921,340
PUBLIC SVC CO COLO	8.125	3-1-2004	7,500,000	7,960,050
PUBLIC SVC ELEC & GAS CO S-RR	6.125	8-1-2002	2,500,000	2,475,425
RJR NABISCO INC NT 144A	7.750	5-15-2006	3,460,000	3,428,652
RJR NABISCO INC NT 144A	7.875	5-15-2009	2,330,000	2,263,968
RAYTHEON CO BONDS	7.200	8-15-2027	1,800,000	1,746,648
RAYTHEON CO NTS	6.150	11-1-2008	4,000,000	3,776,360
RAYTHEON CO BDS	7.000	11-1-2028	4,000,000	3,776,160
RESIDENTIAL FDG MTG 97-S7 A2	7.500	5-25-2027	8,142,350	8,210,990
FRANK RUSSELL CO NTS	5.625	1-15-2009	2,540,000	2,305,837
SWB BUSINESS LN 99-1 CL A 144A	7.375	5-15-2025	5,375,000	5,341,406
SAFEWAY INC NTS	6.050	11-15-2003	3,000,000	2,935,650
J SEAGRAMS & SONS	6.400	12-15-2003	2,020,000	1,976,408
J SEAGRAM & SONS CO	6.800	12-15-2008	1,440,000	1,373,026
J SEAGRAM & SONS COMPANY	7.500	12-15-2018	1,440,000	1,393,142
J SEAGRAM & SONS	7.600	12-15-2028	1,470,000	1,415,257
SEARS CR ACCOUNT 99-1 CL A	5.650	3-17-2009	1,050,000	1,014,227

ARIZONA STATE RETIREMENT SYSTEM

SECURITY NAME	RATE	MATURITY	PAR VALUE	MARKET VALUE
SEARS ROEBUCK ACCEP CORP MTN	7.010	6-4-2003	10,000,000	10,127,100
SOCIETY NATL BK CLEVELAND SUB	7.250	6-1-2005	8,000,000	8,119,280
SOUTHERN PACIFIC 97-1 CL A-1	var rate	3-25-2028	2,684,364	2,684,364
SPRINT	5.700	11-15-2003	5,000,000	4,791,850
SPRINT CAPITAL CORP	6.900	5-1-2019	3,485,000	3,227,040
TCI COMMUNICATIONS INC DEB	7.875	2-15-2026	2,180,000	2,297,371
TCI COMMUNICATIONS INC DEBS	7.125	2-15-2028	9,960,000	9,626,141
MONEY STORE SER 95-B CL A8	var rate	1-15-2026	735,932	736,815
TXU EASTERN FUNDING	6.150	5-15-2002	4,570,000	4,500,719
TXU EASTERN FUNDING	6.450	5-15-2005	9,215,000	8,885,195
TENNESSEE VALLEY AUTHORITY	6.000	3-15-2013	10,000,000	9,456,200
TIME WARNER ENTMT CO LP SR DEB	8.375	3-15-2023	7,000,000	7,582,190
TOYOTA MOTOR CREDIT NTS	5.500	12-15-2008	1,000,000	913,610
TRYON MTG FDG INC CTF 96-1 A3	7.550	12-20-2009	5,750,000	5,787,778
TYCO INTL GROUP S A	6.125	1-15-2009	5,000,000	4,657,200
UCFC LN TR 97-D CL A-1	fltg rate	9-15-2009	49,167	49,167
US BK NATL ASSN MINNEAPOLIS	5.700	12-15-2008	2,500,000	2,269,425
ULTRAMAR DIAMOND SHARMROCK NTS	7.200	10-15-2017	3,600,000	3,396,168
UNION BK SWITZ NY BRH SUB NT	7.250	7-15-2006	5,000,000	5,030,150
UNION PAC CORP DEB	7.125	2-1-2028	5,000,000	4,689,950
U S WEST	6.125	7-15-2002	2,000,000	1,973,260
US WEST CAP FDG INC	fltg rate	6-15-2000	3,100,000	3,098,047
US WEST COMM INC NTS	6.625	9-15-2005	4,000,000	3,944,880
WACHOVIA CORP SUB NTS	5.625	12-15-2008	3,510,000	3,192,345
WASHINGTON MUTUAL CAP I CO GTD	8.375	6-1-2027	4,475,000	4,522,077
WASTE MGMT INC DEL	6.000	5-15-2001	2,400,000	2,385,360
WELLS FARGO & CO SUB NTS	6.875	4-1-2006	5,000,000	5,023,050
WESTPAC BANKING SUB DEB	7.875	10-15-2002	4,070,000	4,203,659
WILLIAMS HLDGS DEL INC NT	6.125	12-8-2003	3,000,000	2,932,980
WILLIAMS COS INC NTS	6.125	2-1-2001	1,525,000	1,520,928
WORLDCOM INC SR NTS	6.125	8-15-2001	4,000,000	3,987,360
WORLDCOM INC GA NTS	6.950	8-15-2028	10,000,000	9,479,500
XEROX CAP EUROPE PLC GTD	5.875	5-15-2004	3,000,000	2,917,950
XEROX CORP MTN #TR 00037	5.910	4-1-2037	4,000,000	4,012,480
ZURICH CAP TRUST 144A	8.376	6-1-2037	2,890,000	2,943,725
LONG CORPORATE BOND INDEX FUND			27,840,418	634,243,232
INT CORPORATE BOND INDEX FUND			52,858,100	1,109,418,737

TOTAL CORPORATE OBLIGATIONS 2,542,812,915

**INVESTMENTS HELD BY BROKER – DEALERS
UNDER SECURITY LOAN PROGRAM** (49,986,694)

**CORPORATE OBLIGATIONS – DOMESTIC
NET OF SECURITY LOAN PROGRAM** \$ 2,492,826,221

PRIVATE PLACEMENTS

PRIVATE PLACEMENTS – ETI

SECURITY NAME	SHARES	MARKET VALUE
VALLEY VENTURES L.P.	1,250,000	<u>\$ 76,018</u>

ARIZONA STATE RETIREMENT SYSTEM

PREFERRED AND COMMON STOCK

PREFERRED STOCK – DOMESTIC

SECURITY NAME	SHARES	MARKET VALUE
TRANS WORLD AIRLINES PEF \$0.05	43,863	\$ 1
KIMCO REALTY CORP DEPOSITARY	1,431	35,060
PRICE ENTERPRISES INC CUM PFD	5,301	79,184

COMMON STOCK – DOMESTIC

SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
3COM CORP COM	223,000	5,951,313	ALLTEL CORP	142,800	10,210,200
3DFX INTERACTIVE INC COM	11,570	180,781	ALLTRISTA CORP COM	11,500	379,500
AAMES FINANCIAL CORP	13,000	17,063	ALPHANET SOLUTIONS INC	9,900	38,363
AAR CORP	9,703	220,137	ALTERA CORP COM	118,900	4,377,006
AAVID THERMAL TECHNOLOGIES INC	600	13,575	ALTERNATIVE RES CORP	10,600	74,200
ABBOTT LABS COM	1,242,800	56,392,050	ALZA CORP COM	319,200	16,239,300
ABERCROMBIE & FITCH CO CL A	90,880	4,362,240	AMBAC FINANCIAL GROUP INC	389,900	22,273,038
ACCEPTANCE INS COS INC	84,124	1,267,118	AMCAST INDL CORP COM	6,900	112,556
ACME ELEC CORP	7,000	38,063	AMCOL INTERNATIONAL CORP	15,276	219,593
ACTEL CORP COM	48,600	716,850	AMERADA HESS CORP COM	52,500	3,123,750
ACX TECHNOLOGIES INC COM	59,299	963,609	AMERCO INC COM	6,800	153,000
ADAC LABS NEW COM	20,400	147,900	AMEREN CORP	201,100	7,717,213
ADAMS RES & ENERGY INC NEW	3,500	27,563	AMERICA ONLINE INC DEL COM	703,400	77,374,000
ADAPTEC INC COM	61,730	2,179,841	AMERICA WEST HLDG CORP CL B	109,952	2,075,344
ADOBE SYS INC DEL COM	16,700	1,372,005	AMERICAN ANNUITY GROUP INC	12,432	301,476
ADVANCED MICRO DEVICES INC COM	39,400	711,663	AMERICAN BILTRITE INC	4,300	88,150
ADVANTA CORP CL A	105,519	1,905,937	AMERICAN BUSINESS PRODS INC GA	9,356	142,679
ADVANTA CORP CL B	16,307	221,164	AMERICAN COIN MERCHANDISING	8,200	53,300
ADVO INC	14,000	290,500	AMERICAN DENTAL TECHNOLOGIES	11,100	41,625
ADVOCAT INC	5,500	10,656	AMERICAN ELEC PWR INC COM	146,300	5,495,394
AES CORP COM	52,100	3,028,313	AMERICAN EXPRESS CO COM	289,600	37,684,200
AETNA INC COM	97,800	8,746,988	AMERICAN FINL GROUP INC OHIO	25,183	857,796
AFLAC INC COM	148,600	7,114,225	AMERICAN FREIGHTWAYS CORP COM	29,400	575,138
AFTERMARKET TECHNOLOGY CORP	34,300	390,163	AMERICAN GEN CORP COM	135,598	10,220,699
AGCO CORP COM	142,120	1,607,733	AMERICAN GREETINGS CORP CL A	29,400	885,675
AGRIBIOTECH INC NEV	1,300	7,881	AMERICAN HOME PRODS CORP COM	959,000	55,022,625
AGRIBRANDS INTL INC COM	3,100	122,644	AMERICAN HOMESTAR CORP COM	25,600	176,000
AIR PRODS & CHEMS INC COM	179,900	7,240,975	AMERICAN INTL GROUP INC COM	633,970	74,332,983
AIRGAS INC	48,351	592,300	AMERICAN MED SEC GRP INC COM	3,600	31,050
AK STL HLDG CORP COM	114,400	2,574,000	AMERICAN MOBILE SATELLITE CORP	26,070	426,896
ALASKA AIR GROUP INC	58,500	2,442,375	AMERICAN NATL INS CO	3,612	257,355
ALBANY INTL CORP CL A	7,710	161,910	AMERICAN PHYSCIAN SVCS GROUP	6,600	23,925
ALBEMARLE CORP	12,470	288,369	AMERICAN PHYSICIAN PARTNERS	12,600	90,563
ALBERTO CULVER CO CL B COM	15,100	402,038	AMERICAN TOWER CORP	4,183	100,392
ALBERTSONS INC COM	407,245	20,998,570	AMERICAN VANGUARD CORP	3,400	18,275
ALCAN ALUM LTD	199,300	6,365,144	AMERIPATH INC	29,000	250,125
ALCOA INC COM	283,300	17,529,188	AMERITECH CORP NEW COM	947,500	69,641,250
ALEXANDER & BALDWIN INC	43,568	969,388	AMERITRADE HLDG CORP CL A	4,700	498,200
ALFA CORP	13,274	265,480	AMERON INTERNATIONAL CORP	6,300	277,988
ALIGN-RITE INTL INC	5,200	72,150	AMERUS LIFE HLDGS INC COM	63,258	1,707,966
ALLEGHANY CORP DEL	4,289	793,465	AMES DEPT STORES INC COM NEW	57,770	2,635,756
ALLEGHENY ENERGY INC COM	39,100	1,253,644	AMETEK INC	10,000	230,000
ALLEGHENY TELEDYNE INC COM	677,580	15,330,248	AMF BOWLING INC	4,735	39,952
ALLEN TELECOM INC COM	12,900	141,900	AMGEN INC	538,500	32,781,188
ALLERGAN INC COM	18,100	2,009,100	AMPICO PITTSBURGH CORP	13,000	166,563
ALLIANCE BANCORP COM	6,900	160,425	AMPLICON INC	1,100	15,400
ALLIANCE BANCORP NEW ENG INC	900	11,081	AMR CORP DEL COM	108,600	7,411,950
ALLIANCE SEMICONDUCTOR CORP	17,800	176,888	AMREP CORP	9,700	55,169
ALLIED PRODS CORP DEL COM	20,200	60,600	AMRESCO INC COM	106,800	687,525
ALLIED RESH CORP	8,000	48,000	AMSOUTH BANCORPORATION COM	48,450	1,123,434
ALLIED SIGNAL INC COM	418,200	26,346,600	AMTRAN INC	7,500	184,688
ALLMERICA FINL CORP COM	34,830	2,118,099	AMWEST INS GROUP INC	4,600	42,550
ALLSTATE CORP COM	764,900	27,440,788	ANADARKO PETE CORP COM	34,600	1,273,713

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
ANADIGICS INC	5,500	203,500	AVNET INC COM	14,300	664,950
ANALOGIC CORP COM PAR \$0.05	2,300	71,516	AVON PRODS INC COM	173,000	9,601,500
ANALYSTS INTL CORP	55,000	790,625	AVONDALE INDS INC COM	3,100	120,900
ANCHOR GAMING	20,900	1,004,506	AVX CORP	45,500	1,109,063
ANDERSONS INC COM	11,300	144,075	AXSYS TECHNOLOGIES INC COM	7,700	88,550
ANDREW CORP COM	23,600	446,925	AZTAR CORPORATION	39,000	358,313
ANHEUSER BUSCH COS INC COM	246,000	17,450,625	AZTEC MFG CO COM	7,000	68,250
ANICOM INC COM	16,200	170,100	AZURIX CORP COM	53,640	1,072,800
ANIXTER INTL INC COM	10,600	193,450	BACOU USA INC	17,600	300,300
ANN TAYLOR STORES CORP COM	3,500	157,500	BAIRNCO CORP	9,100	68,250
ANSYS INC COM	3,000	29,813	BAKER HUGHES INC COM	236,980	7,938,830
AON CORP COM	165,900	6,843,375	BAKER J INC COM	9,200	79,350
APACHE CORP COM	26,600	1,037,400	BALCHEM CORP	6,200	35,650
APOGEE ENTERPRISES INC	500	6,719	BALDWIN & LYONS INC CL B	7,300	172,919
APPLE COMPUTER INC	68,100	3,153,881	BALDWIN TECHNOLOGY INC CL A	22,800	66,975
APPLEBEES INTL INC COM	40,319	1,214,610	BALL CORP COM	8,400	354,900
APPLIED GRAPHICS TECHNOLOGIES	1,200	15,150	BALTEK CORP	600	5,850
APPLIED INDL TECH INC COM	36,954	702,126	BANC WEST CORP NEW COM	15,696	582,714
APPLIED MAGNETICS CORP COM	11,300	35,313	BANCINSURANCE CORP	210	1,103
APPLIED MATLS INC COM	195,100	14,413,013	BANCTEC INC COM	41,748	748,855
APPLIED SIGNAL TECHNOLOGY INC	10,500	99,750	BANDAG INC	35,279	1,223,740
ARCADIA FINL LTD COM	78,200	606,050	BANDAG INC CL A	5,247	147,572
ARCH CHEMICAL INC COM	8,058	195,910	BANGOR HYDRO ELEC CO	8,400	135,450
ARCH COAL INC COM	31,900	442,613	BANK NEW YORK INC COM	385,500	14,143,031
ARCHER DANIELS MIDLAND CO COM	350,416	5,409,547	BANK OF AMERICA CORP	1,662,165	121,857,472
ARCTIC CAT INC	42,600	380,738	BANK ONE CORP COM	814,100	48,489,831
ARGONAUT GROUP INC COM	18,500	444,000	BANKATLANTIC BANCORP INC CL A	62,000	449,500
ARK RESTAURANTS CORP	6,000	66,000	BANKATLANTIC BANCORP INC CL B	8,000	65,000
ARKANSAS BEST CORP DEL	33,100	328,931	BANKBOSTON CORP COM	308,600	15,777,175
ARM FINL GROUP INC CL A	32,258	274,193	BANKNORTH GROUP INC DEL COM	6,528	215,424
ARMCO INC	235,900	1,562,838	BANKUNITED FIN CORP CL A	5,300	51,013
ARMSTRONG WORLD INDS INC COM	11,000	635,938	BARD C R INC	14,700	702,844
ARNOLD INDS INC COM	106,330	1,641,469	BARNES GROUP INC COM	27,600	600,300
ARROW ELECTRS INC COM	86,802	1,649,238	BARNETT INC	10,500	78,750
ARROW INTL INC COM	29,000	750,375	BARRA INC	31,000	782,750
ARVIN INDS INC COM	13,920	527,220	BARRICK GOLD CORP	256,800	4,975,500
ASARCO INC	61,300	1,153,206	BARRY R G CORP OHIO	13,100	108,075
ASBCM SHORT-TERM INVESTMENT FD	5,722	5,722	BASSETT FURNITURE INDS INC	10,000	228,750
ASCENT ENTERTAINMENT GROUP	22,900	323,463	BATTLE MTN GOLD CO COM	92,700	225,956
ASHLAND INC	20,400	818,550	BAUSCH & LOMB INC COM	43,750	3,346,875
ASHWORTH INC	11,800	54,575	BAXTER INTL INC COM	148,100	8,978,563
ASSOCIATED GROUP INC CL A	14,400	937,800	BAY VIEW CAP CORP DEL COM	23,600	483,800
ASSOCIATES FIRST CAP CORP CL A	364,040	16,063,265	BAYOU STL CORP LA PLACE CL A	17,900	67,125
ASTORIA FINL CORP COM	122,400	5,377,950	BB&T CORP COM	205,900	7,553,956
AT&T CORP COM	2,085,232	116,381,985	BCT INTL INC	8,400	18,375
AT&T CORP COM LIBERTY MEDIA A	633,122	23,267,234	BEAR STEARNS COS INC COM	30,440	1,423,070
ATCHISON CASTING CORP COM	9,600	99,600	BEAZER HOMES USA INC	8,500	196,563
ATLANTIC AMERN CORP	3,700	15,031	BECTON DICKINSON & CO COM	185,900	5,577,000
ATLANTIC RICHFIELD CO COM	164,700	13,762,744	BEDFORD PPTY INVS COM PAR\$0.02	48,500	866,938
ATLANTIS PLASTICS INC CL A COM	6,600	92,400	BEL FUSE INC CL A	8,100	226,800
ATMEL CORP COM	46,000	1,204,625	BELCO OIL & GAS CORP	24,300	168,581
AUDIOVOX CORP CL A	5,600	61,600	BELDEN INC COM	44,000	1,053,250
AUTOCAM CORP	7,970	107,595	BELL ATLANTIC CORP COM	933,362	61,018,541
AUTODESK INC COM	110,500	3,266,656	BELL INDS INC	13,500	59,906
AUTOLOGIC INFORMATION INTL INC	1,500	6,844	BELL MICROPRODUCTS INC COM	9,000	61,875
AUTOMATIC DATA PROCESSING INC	306,300	13,477,200	BELLSOUTH CORP COM	1,413,600	65,202,300
AUTOZONE INC COM	41,100	1,238,138	BELO A H CORP COM SER A	79,554	1,566,219
AVADO BRANDS INC COM	61,000	510,875	BEMIS INC COM	14,300	568,425
AVANT CORP COM	46,002	580,775	BENTON OIL & GAS CO	11,200	22,400
AVERY DENNISON CORP COM	31,900	1,925,963	BERGEN BRUNSWIG CORP CL A	66,437	1,146,038
AVIALL INC NEW COM	20,000	376,250	BERKLEY W R CORP COM	21,700	542,500
AVID TECHNOLOGY INC COM	600	9,675	BERLITZ INTL INC NEW	8,700	159,863
AVIS RENT A CAR INC COM	10,701	311,667	BEST BUY INC COM	51,900	3,503,250
AVISTA CORP COM	50,000	812,500	BESTFOODS COM	115,600	5,722,200

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
BETHLEHEM STL CORP COM	155,700	1,196,944	CAMPBELL SOUP CO COM	229,400	10,638,425
BEVERLY ENTERPRISES INC COM	191,245	1,541,913	CANADAIGUA BRANDS INC CL A	16,800	880,950
BIG DOG HLDGS INC COM	2,700	14,175	CANNON EXPRESS INC COM	1,100	3,231
BINDLEY WESTN INDS INC COM	37,467	864,072	CANNONDALE CORP COM	13,700	155,838
BIO RAD LABS INC CL A	12,300	321,338	CAPITAL ONE FINL CORP	104,910	5,842,176
BIOGEN INC COM	96,160	6,184,290	CAPITAL RE CORP COM	114,887	1,845,372
BIOMET INC COM	252,500	10,036,875	CAPITOL TRANSAMERICA CORP	3,300	43,725
BIOSOURCE INTL INC	9,800	48,079	CARBIDE GRAPHITE CORPGROUP	14,800	211,825
BIRMINGHAM STL CORP COM	12,700	53,975	CARDINAL HEALTH INC COM	189,600	12,158,100
BJ SVCS CO COM	75,525	2,223,267	CAREMATRIX CORP	11,700	145,519
BLACK & DECKER CORP COM	24,100	1,521,313	CARIBINER INTL INC COM	5,000	30,938
BLACK HAWK GAMING & DEV INC	3,400	25,925	CARMIKE CINEMAS INC CL A COM	8,000	127,500
BLAIR CORP	8,000	215,500	CARNIVAL CORP COM	307,400	14,908,900
BLIMPIE INTL INC	6,200	17,050	CAROLINA FIRST CORP	3,800	92,625
BLOCK DRUG INC CL A	11,124	463,732	CAROLINA PWR & LT CO COM	41,500	1,776,719
BLOCK H & R INC COM	26,800	1,340,000	CARPENTER TECHNOLOGY CORP COM	40,459	1,155,610
BLONDER TONGUE LABORATORIES	20,600	131,325	CARTER WALLACE INC	13,700	249,169
BLOUNT INTL INC CL A	6,225	169,242	CASCADE CORP	15,800	221,200
BLUEGREEN CORP	24,800	134,850	CASE CORP COM	87,450	4,208,531
BMC SOFTWARE INC COM	418,190	22,582,260	CASH AMERICA INTERNATIONAL INC	4,500	57,938
BOB EVANS FARMS INC	57,500	1,142,813	CASTLE & COOKE INC	19,900	350,738
BOEING CO COM	652,010	28,688,440	CASTLE A M & CO	6,300	107,100
BOISE CASCADE CORP COM	15,400	660,275	CASTLE DENTAL CTRS INC COM	4,200	26,906
BOISE CASCADE OFFICE PRODS	56,023	658,270	CATALINA LTG INC	6,400	32,000
BOMBAY CO	40,150	301,125	CATERPILLAR INC	185,900	11,154,000
BON TON STORES INC COM	36,000	231,750	CATHERINES STORES CORP COM	10,100	124,988
BORG WARNER AUTOMOTIVE INC COM	5,100	280,500	CATO CORP CL A	15,800	183,675
BOSTON ACOUSTICS INC	6,300	112,613	CAVALIER HOMES INC COM	27,000	221,063
BOSTON CHICKEN INC COM	21,738	13,934	CBRL GROUP INC COM	71,100	1,230,919
BOSTON SCIENTIFIC CORP COM	353,170	15,517,407	CBS CORP COM	359,100	15,643,294
BOWATER INC COM	14,267	675,899	CCA INDS INC	11,300	19,425
BOWNE & CO INC COM	17,584	235,186	CDI CORP COM	26,700	909,469
BOYD BROS TRANSN INC	4,800	55,200	CELLSTAR CORP	36,200	285,075
BOYD GAMING CORP	87,657	613,599	CENDANT CORP COM	1,002,703	20,555,412
BRIDGEPORT MACHS INC COM	5,200	50,700	CENTEX CONSTR PRODS INC	21,493	733,449
BRIGGS & STRATTON CORP	28,000	1,617,000	CENTEX CORP COM	121,300	4,556,331
BRIGHTPOINT INC COM	1,300	7,881	CENTOCOR INC COM	15,000	699,375
BRISTOL MYERS SQUIBB CO COM	1,687,900	118,891,456	CENTRAL & SOUTH WEST CORP COM	387,800	9,064,825
BROADVISION INC	18,800	1,386,500	CENTRAL GARDEN & PET CO COM	60,500	620,125
BROWN & SHARPE MFG CO CL A	18,600	101,138	CENTURA BKS INC COM	15,000	845,625
BROWN FORMAN CORP CL B	18,800	1,225,525	CENTURY ALUM CO COM	15,300	94,669
BROWN SHOE INC NEW COM	3,900	84,825	CENTURYTEL INC COM	84,650	3,364,838
BROWN TOM INC NEW COM	22,500	350,156	CERIDIAN CORP COM	228,900	7,482,169
BROWNING FERRIS INDS INC COM	140,100	6,024,300	CFI PROSERVICES INC COM	2,900	32,625
BRUNSWICK CORP COM	63,500	1,770,063	CHAMPION INTL CORP COM	26,200	1,254,325
BRUSH WELLMAN INC	12,600	228,375	CHANNELL COML CORP	15,900	159,000
BUCKEYE TECHNOLOGIES INC	49,200	747,225	CHARMING SHOPPES INC PA COM	90,000	548,460
BUDGET GROUP INC CL A	43,200	531,900	CHART INDUSTRIES INC	105,500	830,813
BUILDING MATLS HLDG CORP	16,400	188,600	CHARTWELL RE CORP COM	24,000	447,000
BUILDING ONE SVCS CORP COM	2,974	41,264	CHASE INDS INC COM	20,400	172,125
BURLINGTON COAT FACTORY WHSE	43,400	838,163	CHASE MANHATTAN CORP NEW COM	721,200	62,383,800
BURLINGTON INDS INC NEW COM	157,268	1,454,729	CHAUS BERNARD INC COM NEW	7,500	22,031
BURLINGTON NORTH SANTA FE CORP	260,600	8,078,600	CHECKPOINT SYS INC COM	19,700	176,069
BURLINGTON RES INC COM	48,640	2,103,680	CHEMED CORP	3,000	99,750
BUTLER MFG CO DEL	16,000	447,000	CHERRY CORP COM NEW	13,400	187,600
CABLE DESIGN TECHNOLOGIES CORP	38,300	591,256	CHESAPEAKE CORP VA COM	2,000	74,875
CABLETRON SYS INC COM	116,000	1,508,000	CHESAPEAKE ENERGY CORP COM	24,400	71,675
CADMUS COMMUNICATIONS CORP COM	10,900	149,875	CHESAPEAKE UTILS CORP	5,400	100,238
CAL MAINE FOODS INC COM NEW	7,300	38,325	CHEVRON CORP COM	391,300	37,197,956
CALGON CARBON CORP COM	18,200	108,063	CHICAGO RIVET & MACH CO	1,000	22,000
CALIFORNIA WTR SVC GROUP COM	31,200	815,100	CHILDRENS COMPREHENSIVE SVCS	9,300	64,519
CALLAWAY GOLF CO COM	55,000	804,375	CHIQUITA BRANDS INTL INC	96,600	869,400
CAMBRIDGE TECHNOLOGY PARTNERS	52,000	913,250	CHITTENDEN CORP	10,465	327,031
CAMERON ASHLEY BLDG PRODS INC	15,800	164,913	CHOCK FULL O NUTS CORP	12,700	132,556

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
CHRIS CRAFT INDS INC COM	29,664	1,397,916	CONCORD FABRICS INC CL A	3,000	17,250
CHROMCRAFT REVINGTON INC	15,200	219,450	CONGOLEUM CORP CL A	12,400	89,125
CHS ELECTRONICS INC COM NEW	92,400	404,250	CONSECO INC COM	298,785	9,094,268
CHUBB CORP COM	115,700	8,041,150	CONSO INTERNATIONAL CORP	11,600	66,700
CIGNA CORP COM	117,800	10,484,200	CONSOLIDATED DELIVERY & LOGIST	7,100	24,850
CINCINNATI FINL CORP COM	45,900	1,724,119	CONSOLIDATED EDISON INC COM	290,000	13,122,500
CINERGY CORP COM	43,500	1,392,000	CONSOLIDATED FREIGHTWAYS CORP	56,800	729,539
CIRCLE INTL GROUP INC COM	8,213	179,659	CONSOLIDATED NAT GAS CO COM	26,300	1,597,725
CIRCUIT CITY GROUP COM	194,340	18,073,620	CONSOLIDATED PAPERS INC	19,795	529,516
CIRRUS LOGIC INC COM	24,599	218,316	CONSOLIDATED STORES CORP COM	29,900	807,300
CISCO SYS INC COM	2,381,250	153,441,797	CONSTELLATION ENGY GRP INC COM	41,000	1,214,625
CIT GROUP INC CL A	387,700	11,194,838	CONSUMER PORTFOLIO SVCS INC	15,900	26,585
CITATION CORP ALA	41,400	664,988	CONTIFINANCIAL CORP COM	41,044	146,219
CITIGROUP INC COM	2,458,538	116,780,555	CONVERGYS CORP COM	65,700	1,272,938
CITRIX SYS INC COM	67,510	3,814,315	COOKER RESTAURANT CORP NEW COM	14,200	78,988
CITY NATL CORP COM	57,900	2,167,631	COOPER INDS INC COM	257,847	13,408,044
CKE RESTAURANTS INC COM	22,700	368,875	COOPER TIRE & RUBR CO	20,800	491,400
CLARCOR INC	9,549	183,221	COORS ADOLPH CO CL B	10,000	495,000
CLEAR CHANNEL COMMUNICATIONS	238,670	16,453,313	CORE MATLS CORP COM	1,000	3,125
CLECO CORP COM	34,790	1,056,746	CORN PRODS INTL INC COM	51,741	1,574,867
CLEVELAND CLIFFS INC COM	37,212	1,204,739	CORNING INC COM	82,810	5,807,051
CLOROX CO COM	32,100	3,428,681	CORPORATE EXPRESS INC COM	133,400	933,800
CMP GROUP INC COM	5,900	154,506	CORRPRO COMPANIES INC	10,800	93,150
CMS ENERGY CORP COM	32,100	1,344,188	CORT BUSINESS SVCS CORP	16,600	397,363
CNET INC	12,600	726,075	CORUS BANKSHARES INC	11,417	363,203
COACHMEN INDS INC	17,770	413,153	COSTCO COS INC COM	129,200	10,344,075
COAST DENTAL SVCS INC COM	10,600	49,688	COTELLIGENT INC COM	2,600	20,313
COAST FED LITIGATION	6,783	7,207	COUNTRYWIDE CR INDS INC COM	30,800	1,316,700
COASTAL CORP COM	248,500	10,002,125	COURIER CORP COM	4,400	101,200
COBRA ELECTRS CORP	9,600	38,400	COVENANT TRANS INC CL A	35,000	551,250
COCA COLA CO COM	1,653,100	102,492,200	COVENTRY HEALTH CARE INC COM	15,000	164,063
COCA COLA ENTERPRISES INC COM	116,200	3,456,950	COX COMMUNICATIONS INC CL A	69,170	2,546,321
COGENERATION CORP AMER COM	17,300	249,769	CP CLARE INC	15,800	93,813
COGNITRONICS CORP	4,900	75,031	CPAC INC	11,700	97,988
COHERENT INC COM	18,300	340,838	CPB INC	4,000	106,000
COHU INC	16,500	583,688	CRAIG JENNY INC	3,800	13,300
COLE KENNETH PRODTNS INC CL A	27,000	752,625	CRANE CO	70,400	2,213,200
COLE NATE CORP NEW CL A	20,600	163,513	CRAWFORD & CO CL A	3,500	47,250
COLGATE PALMOLIVE CO	149,800	14,755,300	CRAWFORD & CO CL B	5,100	82,875
COLLINS INDS INC	10,600	63,600	CREDIT ACCEP CORP MICH	40,400	242,400
COLTEC INDS INC COM	514,600	11,160,388	CRIMI MAE INC COM	62,500	140,625
COLUMBIA ENERGY GROUP COM	284,400	17,828,325	CROMPTON & KNOWLES CORP COM	75,100	1,483,225
COLUMBIA/HCA HEALTHCARE CORP	307,300	7,010,281	CROSS TIMBERS OIL CO COM	10,000	148,750
COLUMBUS MCKINNON CORP N Y COM	36,900	885,600	CROWN CORK & SEAL INC COM	33,600	957,600
COMCAST CORP CL A SPL	373,000	14,337,188	CSS INDS INC	3,700	104,063
COMDIALCORP	11,100	78,394	CSX CORP COM	129,100	5,857,913
COMERICA INC COM	247,600	14,716,725	CTG RES INC COM	1,900	69,113
COMMERCE BANCSHARES INC	11,767	473,622	CTS CORP	6,083	425,810
COMMERCE GROUP INC MASS	27,153	661,854	CUBIC CORP COM	2,700	66,488
COMMERCIAL INTERTECH CORP COM	19,800	315,563	CULLEN FROST BANKERS INC COM	56,000	1,543,500
COMMERCIAL METALS CO	33,454	953,439	CUMMINS ENGINE INC COM	48,900	2,793,413
COMMONWEALTH BANCORP INC COM	8,500	152,469	CURATIVE HEALTH SVCS INC COM	4,100	22,550
COMMONWEALTH ENERGY SYS SH BEN	6,870	288,540	CURTISS WRIGHT CORP	2,031	78,955
COMMUNICATIONS SYS INC	10,900	134,888	CVS CORP	199,600	10,129,700
COMPAQ COMPUTER CORP COM	1,073,717	25,433,671	CYPRESS SEMICONDUCTOR CORP	2,000	34,250
COMPUCOM SYS INC COM	118,862	490,306	CYPRUS AMAX MINERALS CO COM	149,800	2,284,450
COMPUTER ASSOC INTL INC COM	276,100	15,116,475	CYTEC INDS INC COM	48,500	1,527,750
COMPUTER SCIENCES CORP COM	95,600	6,614,325	DAIN RAUSCHER CORP COM	17,591	952,113
COMPUTER TASK GROUP INC COM	31,300	532,100	DANA CORP	45,462	2,094,093
COMPUWARE CORP	485,600	15,448,150	DANAHER CORP COM	46,260	2,688,863
COMVERSE TECHNOLOGY INC	41,860	3,160,430	DARDEN RESTAURANTS INC	38,200	833,238
CONAGRA INC COM	271,500	7,228,688	DATA GEN CORP COM	12,400	180,575
CONCORD CAMERA CORP	13,600	71,400	DATARAM CORP COM PAR \$1	6,600	65,175
CONCORD EFS INC COM	32,550	1,377,272	DATASCOPE CORP	2,800	89,950

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
DAVOX CORP COM	11,800	140,863	DYNAMIC MATLS CORP	1,000	4,125
DAY RUNNER INC	14,900	184,388	E TOWN CORP	15,700	718,275
DAYTON HUDSON CORP COM	306,900	19,948,500	EAGLE FOOD CTRS INC	17,000	52,598
DAYTON SUPERIOR CORP CL A	8,300	154,069	EAGLE GEOPHYSICAL INC COM	1,131	848
DECORATOR INDS INC COM PAR	4,500	32,625	EARTHGRAINS CO	10,700	276,194
DEERE & CO COM	137,500	5,388,281	EASCO INC	10,100	106,681
DEL GLOBAL TECHNOLOGIES CORP	10,200	99,450	EASTERN CO	2,300	41,113
DELL COMPUTER CORP COM	1,706,900	63,155,300	EASTERN ENTERPRISES	5,700	226,575
DELPHI AUTOMOTIVE SYS CORP COM	295,228	5,461,719	EASTMAN CHEM CO COM	21,500	1,112,625
DELPHI FINL GROUP INC CL A COM	38,163	1,369,098	EASTMAN KODAK CO COM	284,900	19,301,975
DELTA AIR LINES INC DEL COM	128,500	7,404,813	EATON CORP	19,600	1,803,200
DELTA FINL CORP	21,400	136,425	EB RUSSELL 2000 STOCK INDEX FD	766,095	300,528,705
DELTA TIMBER CORP COM	3,000	80,813	EBAY INC COM	11,540	1,746,868
DELUXE CORP COM	22,000	853,875	ECHOSTAR COMMUNICATIONS CORP	40,650	6,237,234
DENALI INC COM	2,600	19,500	ECOLAB INC COM	35,500	1,548,688
DEPARTMENT 56 INC COM	32,799	881,473	EDISON INTL COM	250,700	6,706,225
DETECTION SYS INC	1,900	15,913	EDO CORP	8,400	60,900
DETROIT DIESEL CORP	23,420	576,718	EDUCATIONAL DEV CORP	6,100	16,013
DEVON ENERGY CORP COM	8,000	286,500	EDWARDS A G INC COM	122,200	3,940,950
DEWOLFE COS INC	3,800	27,075	EEX CORP COM NEW	28,200	195,638
DEXTER CORP COM	47,941	1,956,592	EFTC CORP COM	20,800	101,400
DIAGNOSTIC PRODS CORP COM	2,500	69,063	EG & G INC	12,300	438,188
DIAL CORP NEW COM	48,500	1,803,594	EKCO GROUP INC COM	18,400	69,000
DIAMOND MULTIMEDIA SYS INC COM	21,900	90,338	EL PASO ELEC CO COM NEW	83,600	747,175
DIAMOND OFFSHORE DRILLING INC	136,600	3,876,025	EL PASO ENERGY CORP DEL COM	165,800	5,834,088
DIGITAL MICROWAVE CORP	15,800	201,450	ELECTRIC LIGHTWAVE INC CL A	4,000	52,000
DII GROUP INC	30,320	1,131,315	ELECTRO RENT CORP	10,269	110,392
DILLARDS INC CL A COM	29,300	1,029,163	ELECTRO SCIENTIFIC INDS INC	3,500	146,234
DIME BANCORP INC NEW COM	43,800	881,475	ELECTROGLAS INC	68,200	1,364,000
DIME CMNTY BANCORP INC COM	4,000	93,000	ELECTRONIC ARTS	88,850	4,820,113
DIMON INC COM	39,100	202,831	ELECTRONIC DATA SYS CORP NEW	246,900	13,980,713
DIODES INC	4,600	38,525	ELLETT BROS INC	6,000	45,000
DISCOUNT AUTO PTS INC COM	5,200	125,450	ELLIS PERRY INTL INC COM	11,200	149,800
DISNEY WALT CO COM	1,039,000	32,014,188	ELXSI CORP NEW	7,100	80,763
DIXIE GROUP INC CL A	19,600	166,286	EMC CORP MASS	920,000	50,600,000
DIXON TICONDEROGA CO	1,400	15,225	EMERSON ELEC CO COM	224,000	14,098,000
DOLLAR GEN CORP COM	60,468	1,753,572	ENCORE WIRE CORP	19,700	178,531
DOLLAR THRIFTY AUTOMOTIVE	29,382	683,132	ENERGEN CORP	16,695	310,944
DOLLAR TREE STORES INC	40,700	1,790,800	ENERGY EAST CORP COM	111,750	2,905,500
DOMINION HOMES INC COM	5,800	42,775	ENGELHARD CORP	34,300	776,038
DOMINION RES INC VA COM	343,500	14,877,844	ENGLE HOMES INC	17,300	237,875
DONEGAL GROUP INC	9,200	104,650	ENHANCE FINL SVCS GROUP INC	50,368	994,768
DONNELLEY R R & SONS CO COM	107,100	3,969,394	ENNIS BUSINESS FORMS INC COM	22,600	193,513
DOVER CORP COM	154,800	5,418,000	ENRON CORP COM	175,200	14,322,600
DOW CHEM CO COM	190,100	24,118,938	ENSCO INTL INC COM	189,150	3,771,178
DOW JONES & CO INC COM	25,800	1,369,013	ENTERGY CORP NEW COM	192,800	6,025,000
DOWNEY FINL CORP COM	40,315	884,410	EQUIFAX INC COM	179,200	6,395,200
DRESS BARN INC COM	60,791	972,656	EQUINOX SYS INC	8,000	86,500
DREW INDS INC COM NEW	9,000	110,813	EQUITY MARKETING INC	3,500	36,313
DSP GROUP INC COM	35,500	1,278,000	ESCO ELECTRS CORP COM TR RCPT	15,900	203,719
DST SYS INC DEL	15,600	980,850	ESTERLINE TECHNOLOGIES CORP	14,800	212,750
DT INDS INC COM	26,414	242,679	ETHYL CORP COM	151,047	906,282
DTE ENERGY CO COM	89,800	3,659,350	EVANS & SUTHERLAND COMPUTER	4,700	61,394
DU PONT E I DE NEMOURS & CO	574,300	39,231,869	EVEREST REINS HLDGS INC COM	46,504	1,517,193
DUCKWALL-ALCO STORES INC NEW	7,900	82,950	EXCEL LEGACY CORP COM	4,869	23,128
DUKE ENERGY CORP COM	183,892	10,010,621	EXCEL TECHNOLOGY INC	13,000	172,250
DUN & BRADSTREET CORP DEL	180,600	6,400,013	EXIDE CORP	24,500	361,375
DUNN COMPUTER CORP VA COM	6,100	12,200	EXODUS COMMUNICATIONS INC COM	20,760	2,489,903
DURA AUTOMOTIVE SYS INC COM	6,382	212,202	EXPONENT INC COM	4,300	30,100
DURA PHARMACEUTICALS INC COM	5,200	62,075	EXTENDED STAY AMERICA INC	81,508	978,096
DURAKON INDS INC	7,600	119,225	EXXON CORP COM	1,748,800	134,876,200
DVI INC	14,000	239,750	EZCORP INC CL A NON VGT	16,700	114,813
DYERSBURG CORP	16,400	20,500	FAIRCHILD CORP CL A	16,477	210,082
DYNAMEX INC	6,400	18,400	FAMILY DLR STORES INC	322,810	7,747,440

ARIZONA STATE RETIREMENT SYSTEM

SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
FAMILY GOLF CENTERS INC	500	3,844	FRENCH FRAGRANCES INC	18,500	135,281
FARM FAMILY HLDGS INC	1,300	44,444	FRESH AMER CORP COM	1,700	23,800
FASTENAL CO	21,000	1,101,188	FRIEDE GOLDMAN INTL INC COM	20,900	288,681
FBL FINL GROUP INC CL A	22,133	431,594	FRIEDMAN INDS INC TEX COM	8,400	35,175
FDX CORP COM	80,960	4,392,080	FRIEDMANS INC CL A	112,700	979,081
FEATHERLITE INC COM	5,400	36,788	FRITZ COS INC	32,600	350,450
FEDERAL MOGUL CORP COM	37,700	1,960,400	FRONTIER CORP COM	92,510	5,423,399
FEDERAL NATL MTG ASSN COM	718,100	49,010,325	FRONTIER INS GROUP INC NEW	25,100	385,913
FEDERAL SIGNAL CORP	11,000	233,063	FRONTIER OIL CORP COM	48,500	330,406
FEDERATED DEPT STORES INC DEL	571,400	30,248,488	FROZEN FOODS EXPRESS INDS	22,600	172,325
FIBERMARK INC COM	8,200	108,138	FRUIT OF THE LOOM INC CL A	321,100	3,130,725
FIDELITY NATL FINL CORP	43,380	867,600	FSI INTL INC	9,400	78,138
FIFTH THIRD BANCORP	119,790	7,973,522	FTI CONSULTING INC COM	6,300	33,075
FINANCIAL SEC ASSURN HLDGS LTD	8,000	416,000	FUNCO INC	5,600	103,250
FINISH LINE INC CL A	46,100	518,625	FURNITURE BRANDS INTL INC COM	65,700	1,831,388
FINLAY ENTERPRISES INC COM NEW	11,100	148,463	FURON CO	7,100	134,900
FIRST ALLIANCE CO	38,500	132,344	GALEY & LORD INC	22,000	96,250
FIRST AMERN FINL CORP CALIF	10,100	180,538	GANNETT INC COM	298,200	21,284,025
FIRST CITIZENS BANCSHARES INC	12,880	1,040,060	GAP INC COM	743,925	37,475,222
FIRST DATA CORP COM	362,380	17,733,971	GARAN INC	6,000	192,750
FIRST HEALTH GROUP CORP COM	52,000	1,121,250	GARDEN RIDGE CORP	23,900	113,525
FIRST PLUS FINL GROUP INC COM	10,580	3,968	GARDNER DENVER INC COM	5,500	88,688
FIRST REP BK SAN FRANCISCO	7,000	202,563	GATEWAY INC	118,111	6,975,931
FIRST TENN NATL CORP	56,300	2,156,994	GATX CORP COM	16,822	640,287
FIRST UN CORP COM	905,824	42,686,956	GAYLORD ENTMT CO NEW COM	9,004	270,120
FIRST WASH BANCORP INC WASH	5,000	100,313	GBC BANCORP CALIF	13,900	281,475
FIRSTAR CORP COM	189,300	5,300,400	GC COS INC COM	2,000	71,500
FIRSTCITY FINANCIAL CORP	8,800	48,400	GEHL CO	6,700	135,675
FIRSTENERGY CORP COM	64,100	1,987,100	GENCORP INC	30,500	770,125
FIRSTFED FINL CORP DEL COM	28,500	548,625	GENERAL CHEM GROUP INC COM	34,500	107,813
FLEET FINL GROUP INC NEW COM	554,004	24,583,928	GENERAL CIGAR HLDGS INC CL A	57,004	445,344
FLEETWOOD ENTERPRISES INC COM	20,800	549,900	GENERAL COMMUNICATION INC CL A	2,400	16,313
FLEMING COS INC COM	99,653	1,158,466	GENERAL DYNAMICS CORP COM	219,700	15,131,838
FLEXSTEEL INDS INC	6,900	91,856	GENERAL ELEC CO COM	1,920,300	216,993,900
FLIR SYS INC	3,400	51,425	GENERAL INSTR CORP DEL COM	345,220	14,671,850
FLORIDA EAST COAST INDS INC	8,700	384,975	GENERAL MLS INC COM	102,900	8,270,588
FLORIDA PANTHERS HLDGS INC	37,400	399,713	GENERAL MOTORS CORP CL H NEW	62,700	3,530,794
FLORIDA PROGRESS CORP COM	26,800	1,107,175	GENERAL MTRS CORP COM	422,400	27,878,400
FLORIDA ROCK INDS INC	4,100	186,550	GENERAL SEMICONDUCTOR INC	33,900	309,338
FLOWERVE CORP COM	66,700	1,263,131	GENESCO INC COM	59,400	865,013
FLUOR CORP	20,800	842,400	GENESIS HEALTH VENTURES INC	91,594	274,782
FMC CORP NEW COM	27,900	1,905,919	GENESSE & WYO INC CL A	8,200	84,563
FOILMARK INC	2,200	5,363	GENTEK INC COM	34,500	478,688
FOOD LION INC CL A	45,058	535,064	GENUINE PARTS CO COM	49,300	1,725,500
FOOD LION INC CL B	61,672	713,083	GENZYME CORP MOLECULAR	1,029	2,830
FORCENERGY INC	9,200	8,625	GEON CO COM	5,000	161,250
FORD MTR CO DEL COM	938,500	52,966,594	GEORGIA GULF CORP COM PAR	113,900	1,922,063
FOREMOST CORP AMER	42,673	938,806	GEORGIA PAC CORP COM	297,700	14,103,538
FOREST LABS INC CL A COM	263,600	12,191,500	GEORGIA PAC CORP COM TIMBER	25,000	631,250
FOREST OIL CORP	23,700	297,731	GETTY IMAGES INC COM	303	5,719
FORT JAMES CORP COM	189,800	7,188,675	GIANT CEM HLDG INC	11,600	265,350
FORTRESS GROUP INC	16,100	23,651	GIBALTAR STL CORP	4,700	116,325
FORTUNE BRANDS INC COM	245,300	10,149,288	GIBSON GREETINGS INC	8,600	54,558
FORWARD AIR CORP COM	3,600	101,250	GILLETTE CO COM	693,200	28,421,200
FOSTER WHEELER CORP	47,100	662,344	GLATFELTER P H CO	83,721	1,224,420
FOUNTAIN PWR BOAT INDS INC COM	3,800	17,575	GLEASON CORP COM	21,800	366,513
FOX ENTMT GROUP INC CL A COM	152,700	4,113,356	GLENAYRE TECHNOLOGIES INC COM	62,700	225,344
FPL GROUP INC COM	331,100	18,086,338	GLOBAL INDL TECHNOLOGIES INC	16,800	202,650
FRANCHISE FIN CORP AMER	36,000	801,000	GLOBAL INDS LTD COM	69,000	884,063
FRANKLIN COVEY CO COM	145,364	1,072,060	GOLDEN ST BANCORP INC COM	5,737	129,083
FRANKLIN RES INC COM	183,000	7,434,375	GOLDEN WEST FINL CORP DEL COM	80,000	7,840,000
FREDDIE MAC CORP COM	349,400	20,265,200	GOODRICH B F CO	20,000	850,000
FREEPORT MCMORAN COPPER B	45,400	814,363	GOODYEAR TIRE & RUBR CO COM	99,900	5,875,369
FREMONT GEN CORP COM	40,000	755,000	GOODY'S FAMILY CLOTHING INC COM	29,100	332,831

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
GPU INC COM	80,500	3,396,094	HILTON HOTELS CORP COM	269,400	3,822,113
GRACE WR & CO DEL NEW COM	20,200	383,800	HIRSCH INTL CORP CL A	13,200	29,700
GRACO INC COM	2,700	79,313	HI-TECH PHARMACAL INC	3,700	16,650
GRADCO SYS INC	12,200	32,025	HMT TECHNOLOGY CORP COM	243,000	607,500
GRAHAM CORP	2,000	18,500	HOLLINGER INTL INC CL A	700	8,313
GRAINGER W W INC COM	135,830	7,309,352	HOLLY CORP PAR \$0.01	11,500	153,813
GRAND PREMIER FINL INC	4,840	59,895	HOLLYWOOD ENTMT CORP COM	8,600	168,238
GRAND UN CO COM	6,000	64,875	HOLLYWOOD PARK INC	20,200	343,400
GRANITE CONSTR INC COM	2,452	71,874	HOME DEPOT INC COM	747,200	48,147,700
GRC INT INC	10,400	88,400	HOME PRODS INTL INC COM	10,600	90,100
GREAT ATLANTIC & PAC TEA INC	43,400	1,467,463	HOMEBASE INC COM	72,200	455,763
GREAT LAKES CHEM CORP COM	16,200	746,213	HOMESTAKE MNG CO COM	71,200	582,950
GREEN MOUNTAIN PWR CORP	5,300	59,956	HOMESTEAD VLG PPTYS INC COM	19,900	48,506
GREENBRIER COS INC COM	18,000	189,000	HONEYWELL INC COM	87,500	10,139,063
GREY WOLF INC COM	46,900	117,250	HORACE MANN EDUCATORS CORP NEW	30,000	815,625
GRIFFON CORP COM	59,398	464,047	HORIZON HEALTH CORP COM	8,800	63,800
GRUBB & ELLIS CO PAR \$0.01	4,700	23,794	HORMEL FOODS CORP COM	32,800	1,320,200
GTE CORP COM	959,400	72,434,700	HOST MARRIOTT SVCS CORP	48,400	393,250
GUARANTEE LIFE COS INC COM	3,300	82,913	HOUSEHOLD INTL INC COM	244,085	11,563,527
GUIDANT CORP COM	82,600	4,222,925	HOUSTON EXPL CO	30,400	575,700
GUILFORD MLS INC COM	63,244	656,157	HOVNANIAN ENTERPRISES INC CL A	34,600	302,750
GULF IS FABRICATION INC COM	18,000	214,875	HRPT PPTYS TR COM SBI	54,000	826,875
HADCO CORP	4,300	170,925	HS RES INC	7,900	116,525
HAEMONETICS CORP MASS COM	4,700	94,294	HUBBELL INC CL A	2,426	96,737
HALLIBURTON CO COM	210,900	9,543,225	HUBBELL INC CL B	46,000	2,087,250
HALLWOOD GROUP INC COM NEW	1,300	24,944	HUGHES SUPPLY INC COM	38,650	1,147,422
HALTER MARINE GROUP INC	23,900	158,338	HUMANA INC COM	45,600	589,950
HAMBRECHT & QUIST GROUP INC	10,554	389,179	HUNT J B TRANS SVCS INC	32,400	526,500
HAMILTON BANCORP INC FLA COM	7,400	177,600	HUNTINGTON BANCSHARES INC	57,920	2,027,200
HANDLEMAN CO DEL	29,300	346,106	HURCO CO	8,700	43,500
HANNA M A CO COM	40,807	670,765	HUTCHINSON TECHNOLOGY INC COM	7,100	197,025
HANOVER COMPRESSOR CO COM	6,388	205,215	HVIDE MARINE INC CL A COM	23,700	51,097
HARCOURT GEN INC	19,500	1,005,469	HYPERCOM CORP COM	8,200	78,413
HARDINGE INC	19,900	349,494	IBM CORP COM	1,432,892	185,201,291
HARLEY DAVIDSON INC COM	50,600	2,751,375	IBP INC COM	228,380	5,424,025
HARLEYSVILLE GROUP INC	59,406	1,217,823	IDEX CORP	31,800	1,045,425
HARMAN INTL INDS INC NEW COM	2,200	96,800	IKON OFFICE SOLUTIONS INC COM	140,600	2,109,000
HARNISCHFEGGER INDS INC COM	31,600	63,200	ILLINOIS TOOL WKS INC COM	68,600	5,608,050
HARRAHS ENTMT INC COM	41,501	915,616	ILX INC COM NEW	3,100	5,813
HARRIS CORP DEL COM	262,900	10,302,394	IMATION CORP COM	27,900	692,269
HARTFORD FINL SVCS GROUP INC	143,400	8,362,013	IMC GLOBAL INC COM	13,100	227,613
HARTMARX CORP	46,000	192,625	IMC MTG CO	9,200	1,003
HASBRO INC COM	53,700	1,500,244	IMCO RECYCLING INC	18,000	308,250
HAWAIIAN AIRLS INC NEW	8,800	24,750	IMMUNEX CORP NEW	58,600	7,467,838
HAWTHORNE FINL CORP	1,500	24,375	IMPERIAL CREDIT INDS COM	29,338	208,124
HCR MANOR CARE INC COM	29,500	713,531	IMPERIAL SUGAR CO NEW COM	10,500	72,844
HEALTH CARE REIT INC COM	37,500	871,875	IMS HEALTH INC COM	278,600	8,706,250
HEALTH MGMT ASSOC INC NEW CL A	139,500	1,569,375	INACOM CORP COM	52,307	660,376
HEALTHCARE RECOVERIES INC	15,700	74,575	INCO LTD COM	48,300	869,400
HEALTHCARE SVCS GROUP INC	1,500	14,625	INDEPENDENT BANKSHARES INC NEW	1,800	19,800
HEALTHSOUTH CORP COM	273,300	4,065,338	INFINITY BROADCASTING NEW CL A	366,600	10,837,613
HEARST ARGYLE TELEVISION INC	14,752	354,048	INFORMATION RES INC	22,400	196,000
HECTOR COMMUNICATIONS CORP	2,000	20,000	INGERSOLL RAND CO	318,100	20,557,213
HEILIG MEYERS CO	48,400	329,725	INGLES MKTS INC CL A	5,800	88,450
HEINZ H J CO COM	185,600	9,303,200	INGRAM MICRO INC CL A COM	4,355	112,141
HELMERICH & PAYNE INC COM	56,000	1,323,000	INLAND ENTMT CORP COM	3,500	8,531
HENRY JACK & ASSOC INC COM	21,000	824,250	INNOVATIVE CLINICAL SOLUTIONS	30,400	44,658
HERBALIFE INTL INC CL A	45,400	496,563	INNOVEX INC COM	65,000	910,000
HERCULES INC COM	27,500	1,081,094	INPUT/OUTPUT INC COM	208,027	1,573,204
HERLEY INDS INC DEL	6,100	79,681	INTEGRATED DEVICE TECH INC	69,900	760,163
HERSHEY FOODS CORP	39,300	2,333,438	INTEGRATED ELECTRICAL SVCS INC	613	9,885
HERTZ CORP CL A	42,200	2,616,400	INTEGRATED HEALTH SVCS INC	116,842	934,736
HEWLETT PACKARD CO COM	672,900	67,626,450	INTEL CORP CALIF COM	2,622,500	156,038,750
HEXCEL CORP NEW	57,700	584,213	INTERDIGITAL COMMUNICATIONS	56,400	253,800

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
INTERFACE INC CL A	96,100	828,863	KING WORLD PRODTNS INC COM	20,100	699,731
INTERGRAPH CORP	54,200	420,050	KITTY HAWK INC	23,500	185,063
INTERIM SVCS INC	32,700	674,438	KLA TENCOR CORP	24,100	1,563,488
INTERMET CORP	39,700	600,463	KNIGHT RIDDER INC	38,700	2,130,919
INTERNATIONAL AIRL SUPPORT	3,500	14,875	KOHL'S CORP COM	43,400	3,336,375
INTERNATIONAL ALUM CORP	5,400	148,500	KOMAG INC COM	50,800	168,275
INTERNATIONAL BANCSHARES CORP	156	6,601	KOSS CORP	4,100	49,456
INTERNATIONAL GAME TECHNOLOGY	296,000	5,476,000	KROGER CO COM	653,680	18,262,185
INTERNATIONAL MULTIFOODS CORP	10,800	243,675	KULICKE & SOFFA INDS INC	18,000	482,625
INTERNATIONAL PAPER CO COM	209,318	10,518,230	LA BARGE INC	12,800	26,400
INTERNATIONAL RECTIFIER CORP	44,500	592,406	LACROSSE FOOTWEAR INC	10,500	81,375
INTERNATIONAL SPECIALTY PRODS	116,400	1,185,825	LADY LUCK GAMING CORP COM	6,800	31,450
INTERNATIONAL SPEEDWAY CORP CL	57,860	2,748,350	LAFARGE CORP COM	15,772	558,920
INTERPOOL INC COM	31,729	412,477	LAI WORLDWIDE INC COM	2,300	15,381
INTERPUBLIC GROUP COS INC COM	111,020	9,617,108	LAILAW INC COM	90,500	667,438
INTIMATE BRANDS INC CL A	31,532	1,493,805	LAKELAND INDS INC	1,100	6,600
INTL FLAVORS & FRAGRANCES INC	131,300	5,777,200	LAKES GAMING INC COM	27,262	298,178
IONICS INC	5,900	215,350	LAM RESH CORP COM	34,300	1,601,381
IPALCO ENTERPRISES INC	93,800	1,987,388	LAMSON & SESSIONS CO	11,900	71,400
IRT PPTY CO	96,000	948,000	LANCASTER COLONY CORP COM	44,000	1,518,000
ISLE OF CAPRIS CASINOS INC	19,600	134,750	LANDAMERICA FINL GROUP INC	27,100	779,125
ITEQ INC COM	28,500	59,679	LANDRY'S SEAFOOD RESTAURANTS	72,421	579,368
ITT INDS INC IND COM	24,900	949,313	LANDSTAR SYS INC COM	4,763	171,916
IVEX PACKAGING CORP DEL COM	3,840	84,480	LATTICE SEMICONDUCTOR CORP COM	44,350	2,760,788
JABIL CIRCUIT INC COM	49,550	2,235,944	LAUDER ESTEE COS INC CL A	41,140	2,062,143
JASON INC COM	12,600	100,800	LAWSON PRODS INC	38,500	969,719
JDA SOFTWARE GROUP INC	2,100	19,556	LEE ENTERPRISES INC COM	30,000	915,000
JEFFERSON PILOT CORP COM	86,550	5,728,528	LEGATO SYS INC COM	25,000	1,443,750
JLK DIRECT DISTR INC CL A	14,100	131,306	LEGGETT & PLATT INC COM	56,300	1,565,844
JOHNSON & JOHNSON COM	920,300	90,189,400	LEHMAN BROS HLDGS INC COM	31,100	1,932,088
JOHNSON CTLS INC COM	97,000	6,723,313	LENNAR CORP COM	42,200	1,012,800
JONES APPAREL GROUP INC COM	33,423	1,146,839	LEUCADIA NATL CORP COM	41,000	1,040,375
JOSTENS INC	170,400	3,589,050	LEVEL 3 COMMUNICATIONS INC	65,600	3,940,100
JP RLTY INC COM	4,800	98,700	LEXMARK INTL GROUP INC CL A	197,600	12,942,800
JSB FINL INC	8,743	444,800	LIBBEY INC COM	10,900	316,100
JUST FOR FEET INC COM	24,500	157,719	LIBERTY CORP COM	14,400	784,800
JUSTIN INDS INC	106,800	1,488,525	LIBERTY FINL COS INC COM	46,100	1,342,663
JWGENESIS FINL CORP COM	4,400	62,150	LIFE USA HOLDING INC	24,100	488,025
K MART CORP COM	614,900	10,145,850	LIFEPOINT HOSPS INC COM	8,011	107,649
K TRON INTL INC	5,100	89,888	LIFETIME HOAN CORP	17,100	156,038
K2 INC COM	19,700	176,069	LILLY ELI & CO COM	736,400	52,744,650
KAISER ALUM CORP COM	67,300	597,288	LILLY INDS INC CL A	47,000	872,438
KAMAN CORP CL A	54,800	859,675	LIMITED INC COM	195,200	8,857,200
KANSAS CITY LIFE INS CO	3,078	132,354	LINCARE HLDGS INC COM	39,100	977,500
KANSAS CITY SOUTHN INDS INC	62,800	4,007,425	LINCOLN ELEC HLDGS INC COM	5,490	112,545
KAUFMAN & BROAD HOME CORP COM	13,100	325,863	LINCOLN NATL CORP IND COM	214,400	11,215,800
KAYDON CORP	25,000	840,625	LINDBERG CORP	7,300	82,125
KAYE GROUP INC	7,300	57,488	LINDSAY MFG CO	4,500	79,031
KBK CAP CORP	900	5,738	LINEAR TECHNOLOGY CORP COM	65,700	4,418,325
KEEBLER FOODS CO COM	65,000	1,982,500	LITCHFIELD FINL CORP	2,000	33,875
KELLOGG CO COM	111,100	3,666,300	LITTELFUSE INC COM	42,000	808,500
KELLWOOD CO	52,281	1,418,122	LITTON INDS INC COM	28,000	2,021,250
KEMET CORP COM	40,515	929,313	LIZ CLAIBORNE INC COM	17,700	646,050
KENNAMETAL INC COM	52,556	1,629,236	LNR PPTY CORP COM	34,179	730,576
KENT ELECTRS CORP	19,500	386,344	LOCKHEED MARTIN CORP COM	221,600	8,254,600
KENTEK INFORMATION SYS INC	11,000	85,426	LODGIAN INC COM	25,100	164,719
KENTUCKY ELEC STL INC	2,900	9,697	LOEWS CINEPLEX ENTMT CORP	15,700	170,738
KERR MCGEE CORP	47,848	2,401,372	LOEWS CORP COM	48,500	3,837,563
KEVCO INC	6,800	55,675	LONE STAR INDS INC COM NEW	33,044	1,241,215
KEYCORP NEW COM	532,500	17,106,563	LONE STAR STEAKHOUSE SALOON	96,100	933,996
KEYSPAN CORP	55,000	1,450,625	LONE STAR TECHNOLOGIES INC	7,300	129,575
KEYSTONE CONS INDS INC	10,000	66,250	LONGS DRUG STORES CORP COM	10,600	366,363
KIMBALL INTL INC CL B	22,068	372,398	LONGVIEW FIBRE CO	44,800	700,000
KIMBERLY CLARK CORP COM	634,700	36,177,900	LOUIS DREYFUS NAT GAS CORP COM	27,000	582,188

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
LOUISIANA PAC CORP COM	89,300	2,132,038	MENS WEARHOUSE INC COM	430	10,965
LOWES COS INC COM	205,900	11,671,956	MENTOR CORP MINN COM	48,000	894,000
LSI LOGIC CORP COM	38,700	1,785,038	MENTOR GRAPHICS CORP COM	11,900	152,469
LTC HEALTHCARE INC COM	887	1,719	MERCANTILE BANCORPORATION INC	43,100	2,462,088
LTV CORP NEW COM	80,893	535,916	MERCANTILE BANKSHARES CORP	45,400	1,606,025
LUBRIZOL CORP	16,492	449,407	MERCHANTS BANCSHARES INC	5,300	120,575
LUBYS INC COM	32,288	484,320	MERCHANTS GROUP INC COM	1,200	26,850
LUCENT TECHNOLOGIES INC COM	1,882,275	126,935,920	MERCK & CO INC COM	1,183,000	87,098,375
LUFKIN INDS INC COM	11,100	222,000	MERCURY AIR GROUP INC	7,000	46,375
LYDALL INC	19,800	227,700	MERCURY GEN CORP NEW	22,000	748,000
M & F WORLDWIDE CORP COM	41,600	330,200	MEREDITH CORP COM	14,400	498,600
M D C HLDGS INC	28,900	621,350	MERITOR AUTOMOTIVE INC COM	42,200	1,076,100
M S CARRIERS INC	9,400	278,766	MERRILL CORP COM	22,000	319,000
M/I SCHOTTENSTEIN HOMES INC	12,400	228,625	MERRILL LYNCH & CO INC	273,700	21,759,150
MAF BANCORP INC	10,116	245,313	MESA LABS INC	5,000	25,000
MAGNA INTL INC CL A	7,800	442,650	METALS USA INC COM	68,985	879,559
MAGNETEK INC COM	69,800	737,263	METHODE ELECTRS INC CL A COM	46,000	1,052,250
MAIL-WELL INC DEL	43,000	696,063	METRIKA SYS CORP	10,200	89,250
MAIN STREET & MAIN INC	13,900	47,781	METROCALL INC COM	15,700	43,175
MAINE PUB SVC CO	2,000	35,500	METROMEDIA INTL GROUP INC COM	53,250	399,375
MALLINCKRODT INC NEW	47,800	1,738,725	METTLER-TOLEDO INTL INC	40,550	1,034,025
MANDALAY RESORT GROUP COM	80,271	1,700,742	MFRI INC COM	3,300	16,500
MANUGISTICS GROUP INC	65,000	942,500	MGI PPTYS COM	33,500	946,375
MARCUS CORP	14,600	179,763	MGIC INVT CORP WIS COM	175,900	8,553,138
MARINE DRILLING COS INC	54,700	748,706	MICHAEL FOODS INC NEW COM	26,524	623,314
MARINE TRANS CORP COM	1,523	5,426	MICHAELS STORES INC COM	42,200	1,292,375
MARITRANS INC	12,600	70,875	MICRO WHSE INC COM	6,300	112,613
MARK IV INDS INC COM	108,753	2,297,407	MICROAGE INC COM	15,500	59,094
MARKEL CORP	5,000	935,000	MICRON TECHNOLOGY INC COM	67,900	2,749,950
MARRIOTT INTL INC NEW CL A	66,500	2,485,438	MICROSEMI CORP	15,800	148,125
MARSH & MCLENNAN COS INC COM	430,420	32,577,414	MICROSOFT CORP COM	3,554,400	320,562,450
MARSHALL & ILSLEY CORP	16,090	1,035,794	MID AMER BANCORP	3,090	76,091
MARSHALL INDS COM	32,328	1,161,788	MID ATLANTIC MED SVCS INC COM	20,700	204,413
MASCO CORP COM	236,800	6,837,600	MIDDLEBY CORP	10,100	64,388
MASCOTECH INC COM	62,300	1,055,206	MIDLAND CO	4,700	119,263
MATTEL INC COM	672,800	17,576,900	MIKASA INC	28,800	325,800
MAXIM INTEGRATED PRODS INC COM	78,090	5,192,985	MILACRON INC COM	92,200	1,705,700
MAXWELL SHOE INC CL A	16,600	150,438	MILLENIUM CHEMICALS INC	100,875	2,376,867
MAXXAM INC	7,100	457,950	MILLER BLDG SYS INC	4,200	24,675
MAXXIM MED INC COM	21,900	510,544	MILLER HERMAN INC COM	40,700	854,700
MAY DEPT STORES CO COM	190,050	7,768,294	MILLER INDS INC TENN COM	19,200	75,600
MAYTAG CORP COM	24,700	1,724,369	MILLIPORE CORP COM	118,800	4,818,825
MBIA INC COM	27,300	1,767,675	MIM CORP COM	21,300	51,919
MBNA CORP COM	568,950	17,424,094	MINE SAFETY APPLIANCES CO	1,200	76,800
MCCLATCHY CO (HOLDING CO)CL A	28,200	934,125	MINNESOTA MNG & MFG CO COM	206,200	17,926,513
MCDERMOTT INTL INC COM	16,200	457,650	MIRAGE RESORTS INC COM	356,800	5,976,400
MCDONALDS CORP COM	677,200	27,849,850	MISSISSIPPI CHEM CORP NEW COM	20,800	204,100
MCGRATH RENT CORP	400	8,000	MITCHAM INDS INC	7,900	31,600
MCGRAW HILL COS INC COM	145,100	7,826,331	MITCHELL ENERGY & DEV CORP CL	15,100	291,619
MCI WORLDCOM INC COM	1,668,567	143,601,047	MITCHELL ENERGY & DEV CORP CL	20,600	378,525
MCKESSON HBOS INC COM	136,575	4,396,008	MMI COS INC COM	35,300	595,688
MCRAE INDS INC CL A	3,300	19,388	MOBIL CORP COM	657,500	64,928,125
MEAD CORP COM	28,200	1,177,350	MOBILE AMERICA CORP NEW	8,400	27,300
MEADOW VY CORP	3,200	14,000	MODINE MFG CO	8,568	278,996
MEDAPHIS CORP COM	63,900	367,425	MONACO COACH CORP COM	6,050	255,991
MEDIA ARTS GROUP INC	17,600	77,000	MONARCH DENTAL CORP COM	3,400	10,730
MEDIAONE GROUP INC COM	309,100	22,989,313	MONDAVI ROBERT CORP CL A	3,000	109,125
MEDICAL ASSURN INC COM	6,037	170,545	MONRO MUFFLER BRAKE INC	11,100	88,800
MEDIMMUNE INC COM	56,680	3,840,070	MONSANTO CO COM	842,100	33,315,581
MEDITRUST PAIRED CTF NEW 1 COM	60,000	783,750	MOOG INC CL A	4,000	137,500
MEDSTONE INTL INC	6,200	45,725	MOORE MED CORP	4,100	42,794
MEDTRONIC INC COM	284,300	22,139,863	MORGAN J P & CO INC COM	89,700	12,602,850
MELLON BK CORP COM	410,860	14,945,033	MORGAN KEEGAN INC	9,016	170,741
MEMC ELECTRONICS MATERIALS	33,700	410,719	MORGAN STANLEY DEAN WITTER & CO	409,020	41,975,678

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
MORRISON KNUDSEN CORP NEW COM	8,600	88,688	NUCOR CORP	24,100	1,143,244
MOTORCAR PTS & ACCESSORIES INC	9,000	48,375	NUEVO ENERGY CO COM	13,600	180,200
MOTOROLA INC COM	304,600	28,860,850	NUTRITION FOR LIFE INTL INC	2,300	4,888
MOVADO GROUP INC COM	100	2,588	NYMAGIC INC	11,400	178,125
MOVIE STAR INC N Y	19,000	32,063	O I CORP COM	1,800	8,100
MRV COMMUNICATIONS INC CALIF	20,300	266,438	O SULLIVAN INDS HLDGS COM	21,600	367,200
MSC SOFTWARE CORP COM	18,300	106,369	OAK TECHNOLOGIES INC COM	32,200	116,725
MTI TECHNOLOGY CORP	2,300	30,044	OAKWOOD HOMES CORP N C COM	30,073	394,708
MTS SYS CORP	2,161	26,337	OCCIDENTAL PETE CORP COM	271,900	5,743,888
MUELLER INDS INC COM	19,656	667,076	OCEAN FINL CORP COM	11,800	213,875
MYR GROUP INC	3,700	64,981	OCEANEERING INTL INC COM	50,540	814,958
NABISCO GROUP HLDG CORP COM	190,900	3,734,481	OCTEL CORP COM	5,712	71,400
NABORS INDS INC COM	75,600	1,842,750	OCWEN FINL CORP	28,700	254,713
NACCO INDS INC CL A	15,100	1,109,850	OFFICE DEPOT INC COM	102,400	2,259,200
NALCO CHEM CO COM	18,000	933,750	OFFICEMAX INC	106,306	1,275,672
NASH FINCH CO COM	13,300	134,250	OFFSHORE LOGISTICS INC COM	53,718	597,613
NATIONAL CITY BANCORPORATION	6,500	135,688	OGDEN CORP COM	41,305	1,112,653
NATIONAL CITY CORP COM	167,700	10,984,350	OGE ENERGY CORP COM	92,300	2,192,125
NATIONAL PRESTO INDS INC	4,000	153,000	OGLEBAY NORTON CO	6,000	133,500
NATIONAL SEMICONDUCTOR CORP	118,600	3,002,063	OHIO CAS CORP	24,939	900,921
NATIONAL STL CORP CL B	86,600	725,275	OLD DOMINION FGHT LINES INC	11,100	131,813
NATIONAL SVC INDS INC COM	11,300	406,800	OLD KENT FINL CORP	49,245	2,062,134
NATIONAL WESTN LIFE INS CO	5,400	519,750	OLIN CORP COM PAR \$1.00	16,116	212,530
NATIONAL-OILWELL INC	59,200	828,800	OLSTEN CORP COM	157,866	996,529
NATIONWIDE FINL SVCS INC CL A	34,400	1,556,600	OMEGA WORLDWIDE INC COM	2,007	8,153
NATURAL ALTERNATIVES INTL INC	8,200	28,188	OMNICOM GROUP INC COM	125,770	10,061,600
NATURES SUNSHINE PRODS INC	85,500	897,750	ON ASSIGNMENT INC COM	35,000	914,375
NAUTICA ENTERPRISES INC COM	88,200	1,488,375	ON COMMAND CORP	17,100	301,388
NAVIGATORS GROUP INC	6,200	93,000	ONEIDA LTD	12,200	343,125
NAVISTAR INTL CORP NEW COM	18,300	915,000	ONEOK INC NEW COM	8,600	273,050
NCH CORP	7,258	359,271	ONTRACK DATA INTL INC	13,300	64,006
NCR CORP NEW	50,000	2,440,625	ORACLE CORPORATION COM	740,625	27,495,703
NCS HEALTHCARE INC CL A	10,000	54,375	ORBIT INTL CORP	7,300	7,641
NEOMAGIC CORP COM	35,700	300,094	OREGON STL MLS INC COM	34,200	455,288
NETWORK APPLIANCE INC COM	13,700	765,488	O'REILLY AUTOMOTIVE INC	18,500	931,938
NETWORK EQUIP TECHNOLOGIES	16,600	163,925	ORION CAP CORP	79,823	2,863,650
NEW CENTURY ENERGIES INC COM	31,300	1,214,831	OROAMERICA INC COM	8,600	60,200
NEW YORK TIMES CO CL A	166,200	6,118,238	OSHKOSH TRUCK CORP CL B	6,100	306,906
NEWELL RUBBERMAID INC	172,477	7,998,621	OUTDOOR SYSTEM INC COM	200,610	7,322,265
NEWMONT MNG CORP COM	43,502	864,602	OVERSEAS SHIPHOLDING GRP INC	33,300	432,900
NEXTEL COMMUNICATIONS INC CL A	80,700	4,050,131	OWENS CORNING COM	14,900	512,188
NEXTLINK COMMUNICATIONS INC	23,850	1,773,844	OWENS ILL INC NEW	42,600	1,392,488
NIAGARA MOHAWK HLDGS INC COM	51,300	824,006	OXFORD INDS INC COM	10,800	305,775
NIAGRA CORP DEL COM	13,400	76,213	P A M TRANSN SVCS INC	11,100	109,613
NICHOLS RESH CORP COM	2,400	52,500	P P & L RESOURCES INC COM	238,588	7,336,581
NICOR INC COM	44,400	1,689,975	PACCAR INC	21,400	1,142,225
NIKE INC CL B COM	165,300	10,475,888	PACIFIC CENY FINL CORP COM	41,284	890,186
NL INDS INC NEW	71,200	792,100	PACIFIC CREST CAP INC	3,300	50,325
NN BALL & ROLLER INC	14,700	84,525	PACIFICARE HEALTH SYS INC DEL	12,500	899,219
NORDSTROM INC WASH COM	38,900	1,303,150	PACIFICORP COM	237,600	4,365,900
NORFOLK SOUTHN CORP COM	248,500	7,486,063	PAINE WEBBER GROUP INC	53,900	2,519,825
NORRELL CORP GA COM	49,000	921,813	PALL CORP COM	34,000	754,375
NORTEL NETWORKS CORP COM	330,080	28,655,070	PAMIDA HLDGS CORP	10,600	121,900
NORTHEAST BANCORP COM	1,400	13,475	PARAMETRIC TECHNOLOGY CORP COM	73,100	1,014,263
NORTHERN STS PWR CO MINN COM	428,700	10,369,181	PARK ELECTROCHEMICAL CORP COM	7,300	209,875
NORTHERN TECHNOLOGIES INTL	5,300	37,763	PARK PL ENTMT CORP COM	31,600	302,175
NORTHERN TR CORP COM	30,400	2,948,800	PARKER DRILLING CO COM	83,300	275,931
NORTHFORK BANCORPORATION INC	48,500	1,036,688	PARKER HANNIFIN CORP COM	29,900	1,367,925
NORTHROP GRUMMAN CORP COM	120,800	8,010,550	PARKVALE FINL CORP	8,700	189,225
NORTHSTAR COMPUTER FORMS INC	2,000	24,000	PATRICK INDS INC	7,300	114,063
NORTHWEST PIPE CO COM	8,100	134,663	PATTERSON DENTAL CO COM	10,900	378,775
NOVACARE INC	314,727	472,091	PATTERSON ENERGY INC	29,100	287,363
NOVELL INC	92,400	2,448,600	PAUL HARRIS STORES INC NEW COM	14,500	98,781
NU HORIZONS ELECTRS CORP	8,900	62,856	PAXAR CORP	13,000	115,375

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
PAXSON COMMUNICATIONS CORP	27,800	354,450	POWERTEL INC COM	4,900	146,388
PAYCHEX INC COM	67,200	2,142,000	PPG INDS INC COM	123,500	7,294,219
PAYMENTECH INC	17,400	441,525	PRAXAIR INC COM	131,000	6,410,813
PE CORP COM CELERA GENOMICS	31,150	504,241	PREMIUMWEAR INC	3,100	15,113
PE CORP COM PE BIOSYS GROUP	76,700	8,801,325	PRESIDENTIAL LIFE CORP COM	70,272	1,379,088
PECO ENERGY CO COM	52,300	2,190,063	PRICE COMMUNICATIONS CORP NEW	44,375	665,625
PEDIATRIX MED GROUP COM	21,200	450,500	PRICE ENTERPRISES INC COM NEW	1,092	7,849
PEERLESS MFG CO	1,700	18,222	PRICE T ROWE & ASSOC INC	53,200	2,041,550
PENN AMER GROUP INC COM	13,300	137,988	PRIDE INTL INC COM	117,059	1,236,436
PENN ENGR & MGR CORP NON-VTG	500	11,250	PRIMARK CORP	20,200	566,863
PENN TREATY AMERN CORP	4,900	117,906	PRIME HOSPITALITY CORP COM	125,227	1,502,724
PENN VA CORP	10,500	207,375	PRIMESOURCE CORP	8,700	53,288
PENNCORP FINL GROUP INC COM	5,000	2,500	PRINTRONIX INC COM	9,200	128,800
PENNEY J C INC COM	150,800	7,323,225	PRINTWARE INC	6,600	15,675
PENNZENERGY CO COM	5,000	83,125	PRIORITY HEALTHCARE CORP B	2,620	90,390
PEOPLES BANCORP INC DEL COM	23,700	236,265	PRIORITY HEALTHCARE CORP CL A	3,114	107,433
PEOPLES ENERGY CORP ILL COM	9,800	369,338	PROCTER & GAMBLE CO COM	1,072,800	95,747,400
PEOPLESOFT INC COM	63,500	1,095,375	PROFESSIONALS GROUP INC	11,300	381,375
PEP BOYS MANNY MOE & JACK COM	65,500	1,375,500	PROGRESSIVE CORP OHIO COM	50,400	7,308,000
PEPSICO INC COM	1,186,200	45,891,113	PROMEDCO MANAGEMENT CO COM	28,100	108,016
PERCON ACQUISITION INC	4,700	37,894	PROPHET 21 INC	2,400	17,400
PERINI CORP	6,400	36,400	PROTECTION ONE INC COM	58,500	314,438
PERRIGO CO COM	27,500	209,688	PROVIDENCE & WORCESTER RR CO	2,900	40,963
PERSONNEL GROUP AMER INC COM	54,306	543,060	PROVIDENT COS INC COM	37,100	1,484,000
PETCO ANIMAL SUPPLIES INC	8,800	138,600	PROVIDENT FINL GROUP INC COM	20,000	875,000
PETROLEUM DEV CORP	17,300	72,444	PROVIDIAN FINL CORP COM	92,130	8,591,123
PFIZER INC COM	651,600	71,024,400	PSC INC COM	16,300	159,944
PG&E CORP COM	223,900	7,262,756	PUBLIC SVC CO N MEX COM	111,259	2,211,273
PHARMACIA & UPJOHN INC COM	258,600	14,691,713	PUBLIC SVC ENTERPRISE GROUP	174,500	7,121,781
PHELPS DODGE CORP COM	15,900	984,806	PULASKI FURNITURE CORP	3,600	73,350
PHILIP MORRIS COS INC COM	2,143,400	86,137,888	PULITZER INC COM	9,000	437,063
PHILLIPS PETE CO COM	281,000	14,137,813	PULTTE CORP COM	40,700	938,644
PHILLIPS VAN HEUSEN CORP COM	21,000	210,000	PXRE CORP COM	16,075	291,359
PHOENIX INVT PARTNERS LTD	25,700	221,663	Q E P INC COM	3,500	26,469
PHYCOR INC COM	66,562	492,958	QUAKER CHEM CORP COM	12,400	201,500
PICCADILLY CAFETERIAS INC COM	6,400	53,200	QUAKER FABRIC CORP NEW	13,700	57,369
PICTURETEL CORP COM NEW	28,400	227,200	QUAKER OATS CO COM	124,600	8,270,325
PIER 1 IMPORTS INC COM	88,300	993,375	QUANEX CORP	33,413	952,271
PIERCING PAGODA INC	9,400	118,675	QUANTUM CORP COM	274,000	6,610,250
PILGRIMS PRIDE CORP CL B COM	29,500	885,000	QUEST DIAGNOSTICS INC COM	21,000	574,875
PILLOWTEX CORP COM	27,400	446,963	QUESTAR CORP	99,891	1,910,415
PIONEER HI BRED INTL	65,600	2,554,300	QUINTILES TRANSNATIONAL CORP	57,900	2,431,800
PIONEER NAT RES CO	85,092	936,012	QUORUM HEALTH GROUP INC COM	97,700	1,227,356
PIONEER STANDARD ELECTRS INC	72,492	869,904	R & B FALCON CORP COM	195,500	1,832,813
PITNEY BOWES INC COM	176,390	11,333,058	R & B INC	10,400	85,800
PITT DESMOINES INC COM	2,200	137,500	RADIAN GROUP INC	50,492	2,464,619
PITTSTON BAX GROUP COM	33,826	321,347	RAILTEX INC	9,600	133,200
PIZZA INN INC NEW	3,900	13,042	RAINFORREST CAFE INC COM	31,400	158,963
PLACER DOME INC	88,900	1,044,575	RALSTON PURINA CO-RALSTON	858,290	26,124,202
PLANET HOLLYWOOD INTL INC CL A	81,643	61,232	RAVEN INDS INC COM	2,700	43,200
PLASMA THERM INC	8,100	22,275	RAYCHEM CORP COM	122,600	4,536,200
PLAY BY PLAY TOYS	9,800	40,121	RAYMOND JAMES FINL INC COM	13,646	327,504
PLAYERS INTL INC	600	4,313	RAYONIER INC COM	10,300	513,069
PLM INTL INC COM NEW	5,500	31,625	RAYTEL MED CORP COM	11,800	54,575
PMI GROUP INC	37,596	2,361,499	RAYTHEON CO CL B	172,100	12,133,050
PNC BK CORP COM	278,100	16,025,513	RDO EQUIP CO CL A	30,200	283,125
POLARIS INDS PARTNERS INC COM	25,000	1,087,500	READ RITE CORP COM	12,200	75,677
POLAROID CORP COM	12,000	330,000	RECOTON CORP	15,700	142,776
POLK AUDIO INC	1,900	23,750	RED ROOF INNS INC	21,409	384,024
POLYMEDICA CORP	7,900	79,000	REDWOOD EMPIRE BANCORP	2,300	54,913
POLYMER GROUP INC	37,700	442,975	REEBOK INTL LTD COM	15,500	288,688
POOL ENERGY SVCS CO COM	50,328	1,022,288	REFAC COM	5,200	33,800
POTLATCH CORP COM	26,400	1,159,950	REGAL BELOIT CORP	63,900	1,509,638
POWELL INDS INC COM	14,700	135,975	REGIONS FINL CORP COM	112,200	4,312,688

ARIZONA STATE RETIREMENT SYSTEM

SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
REHABCARE GROUP INC COM	6,400	118,000	SAFESKIN CORP	114,800	1,377,600
RELIABILITY INC	9,100	47,775	SAFETY COMPONENTS INTL INC	8,000	40,000
RELIANCE GROUP HLDGS INC COM	138,111	1,027,201	SAFEWAY INC NEW COM	461,300	22,834,350
RELIANCE STL & ALUM CO	3,790	147,810	SAGA SYS INC COM	10,000	127,500
RELIANT ENERGY INC	215,200	5,944,900	SANDERSON FARMS INC	19,800	282,150
REMEDYTEMP INC CL A	12,200	164,700	SANDISK CORP	24,000	1,080,000
RENAISSANCERE HOLDINGS LTD	23,000	851,000	SANFILIPPO JOHN B & SON INC	5,300	20,206
RENTRAK CORP COM	14,700	73,500	SANMINA CORP COM	32,000	2,428,000
REPUBLIC GROUP INC COM	12,300	221,400	SANTA FE SNYDER CORP COM	23,500	188,000
REPUBLIC N Y CORP COM	75,500	5,148,156	SARA LEE CORP	797,800	18,100,088
REPUBLIC SVCS INC CL A	268,500	6,645,375	SAVOIR TECHNOLOGY GROUP INC	13,300	124,688
RESEARCH IN MOTION LTD COM	338,700	6,858,675	SBARRO INC COM	4,936	133,581
RESOURCE AMER INC NEW	6,800	98,600	SBC COMMUNICATIONS INC COM	1,258,932	73,018,056
RESOURCE BANKSHARES MTG GROUP	60,100	616,025	SCAN OPTICS	9,600	42,000
RESPONSE ONCOLOGY INC	16,200	47,588	SCHERING PLOUGH CORP COM	1,119,700	58,784,250
REX STORES CORP	9,100	271,294	SCHLUMBERGER LTD COM	275,200	17,526,800
REXALL SUNDOWN INC COM	42,000	511,875	SCHULER HOMES INC	26,900	174,850
REYNOLDS METALS CO COM	17,700	1,044,300	SCHULMAN A INC COM	62,189	1,068,873
REYNOLDS RJ TOB HLDGS INC COM	10,000	317,511	SCHWAB CHARLES CORP NEW COM	212,915	23,207,735
RF MICRO DEVICES INC COM	25,000	1,865,625	SCHWEITZER MAUDUIT INTL INC	36,500	547,500
RF MONOLITHICS INC	7,700	75,075	SCIENTIFIC ATLANTA INC	20,600	741,600
RICHARDSON ELECTRS LTD	24,800	168,950	SCIENTIFIC GAMES HLDGS CORP	11,100	216,450
RICHFOOD HLDGS INC COM	82,100	1,447,013	SCOTSMAN INDS INC	54,300	1,170,844
RIGGS NATL CORP WASH D C COM	15,100	310,494	SCPIE HLDGS INC COM	19,600	639,450
RITE AID CORP COM	165,700	4,080,363	SEABOARD CORP DEL	454	154,360
RIVIERA TOOL CO COM	3,780	18,664	SEACOR SMIT INC COM	29,561	1,581,514
RLI CORP	35,157	1,362,334	SEAGATE TECHNOLOGY COM	140,000	3,587,500
ROADWAY EXPRESS INC DEL	34,765	673,572	SEAGRAM LTD COM	211,100	10,634,163
ROANOKE ELEC STL CORP	15,200	264,100	SEALED AIR CORP NEW COM	22,895	1,485,313
ROBBINS & MYERS INC COM	11,600	258,825	SEAMED CORP COM	4,900	57,575
ROBERT HALF INTL INC COM	29,000	748,563	SEARS ROEBUCK & CO COM	197,100	8,783,269
ROBERTSON CECO CORP PAR \$0.01	13,900	137,263	SEATTLE FILMWORKS INC COM	16,100	49,306
ROCK OF AGES CORP DEL CL A	800	8,200	SEITEL INC NEW	71,300	1,154,169
ROCK-TENN CO CL A	72,831	1,215,367	SELAS CORP AMER	5,300	36,438
ROCKWELL INTL CORP NEW COM	130,200	7,909,650	SELECTIVE INS GROUP INC COM	71,725	1,367,258
ROCKY MTN CHOCOLATE FACTORY	2,800	16,800	SEMPRA ENERGY COM	320,500	7,251,313
ROCKY SHOES & BOOTS INC	6,400	53,200	SENSORMATIC ELECTRS CORP COM	635,600	8,858,675
ROHM & HAAS CO COM	773,380	33,158,678	SENSORY SCIENCE CORP COM	8,500	30,281
ROHN INDS INC COM	71,400	98,175	SEQUA CORP CL A	3,000	210,000
ROLLINS TRUCK LEASING CORP	55,939	622,321	SEQUENT COMPUTER SYS INC COM	38,400	681,600
ROPER INDS INC NEW COM	32,500	1,040,000	SEROLOGICALS CORP COM	4,400	35,750
ROSLYN BANCORP INC COM	30,468	523,669	SERVICE CORP INTL COM	558,800	10,756,900
ROSS STORES INC COM	53,200	2,679,950	SERVICE EXPERTS INC	13,000	284,375
ROUGE INDS INC CL A	34,900	340,275	SHARED MED SYS CORP	7,300	476,325
ROWAN COS INC COM	64,700	1,180,775	SHAW GROUP INC COM	21,300	338,138
ROWE COMPANIES COM	3,100	32,356	SHAW INDS INC GA COM	176,520	3,089,100
ROYAL CARIBBEAN CRUISES LTD	90,040	3,939,250	SHERWIN WILLIAMS CO COM	47,200	1,309,800
ROYAL DUTCH PETE CO N Y	1,468,800	88,495,200	SHILOH INDS INC	2,400	34,800
ROYALE ENERGY INC COM NEW	1,500	4,781	SHOREWOOD PACKAGING CORP	41,200	759,625
RPC INC	20,800	182,000	SIERRA HEALTH SVCS INC COM	102,382	1,478,140
RPM INC OHIO	56,000	794,500	SIERRA PAC RES COM	34,400	1,251,300
RTI INTL METALS INC COM	42,625	626,055	SIFCO INDS INC	6,100	50,325
RURAL/METRO CORP COM	19,503	187,716	SIGMA ALDRICH CORP	27,400	943,588
RUSH ENTERPRISES INC	7,800	125,775	SILGAN HLDGS INC COM	32,200	639,975
RUSS BERRIE & CO INC COM	23,753	587,887	SILICON GRAPHICS INC COM	87,100	1,426,263
RUSSELL CORP	37,500	731,250	SILICON VY GROUP INC COM	30,100	506,056
RYANS FAMILY STEAK HOUSES INC	55,567	645,966	SILICONIX INC NEW	9,739	333,561
RYDER SYS INC COM	63,400	1,632,550	SIMPSON INDS INC COM	24,900	255,225
RYERSON TULL INC COM	6,290	141,918	SITEL CORP	49,300	144,819
RYLAND GROUP INC	31,100	923,281	SIZZLER INTL INC	19,800	44,550
S & K FAMOUS BRANDS INC	6,700	63,859	SKYLINE CORP	8,400	246,225
S3 INC COM	18,300	166,420	SLM HLDG CORP COM	322,000	14,751,625
SABRE GROUP HLDGS INC CL A	66,272	4,556,200	SMART & FINAL INC	17,300	181,650
SAFECO CORP COM	37,400	1,650,275	SMITH A O CORP	10,446	292,488

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
SMITH A O CORP CL A	3,000	82,500	STEWART & STEVENSON SVCS INC	29,512	450,058
SMITHWAY MTR XPRESS CORP CL A	8,700	87,000	STEWART INFORMATION SVCS CORP	22,100	466,863
SMURFIT-STONE CONTAINER CORP	242,056	4,977,277	STIFEL FINL CORP	5,880	54,758
SNAP ON INC COM	17,800	644,138	STONE & WEBSTER INC	11,400	303,525
SNYDER COMMUNICATIONS INC COM	28,200	923,550	STONERIDGE INC COM	559	7,826
SOFTWARE SPECTRUM INC	5,800	94,250	STRIDE RITE CORP COM	7,500	77,344
SOLA INTL INC COM	110,261	2,143,198	STUDENT LN CORP	1,562	69,509
SOLECTRON CORP	69,100	4,608,106	STURM RUGER & CO INC	85,000	908,438
SOLUTIA INC COM	61,000	1,300,063	STYLING TECHNOLOGY CORP COM	3,400	44,200
SONAT INC COM	30,200	1,000,375	SUBURBAN LODGING AMER INC	20,800	133,900
SOS STAFFING SERVICES	17,100	89,775	SUMMA INDS	5,400	69,863
SOTHEBYS HLDGS INC CL A	94,080	3,586,800	SUMMIT BANCORP COM	47,600	1,990,275
SOUTH JERSEY IND	6,700	189,694	SUN HEALTHCARE GROUP INC	167,535	62,826
SOUTHDOWN INC	29,550	1,898,588	SUN HYDRAULICS CORP COM	1,600	14,300
SOUTHERN CO COM	353,400	9,365,100	SUN MICROSYSTEMS INC COM	855,900	58,950,113
SOUTHERN ENERGY HOMES INC COM	29,000	154,063	SUNBEAM CORP DEL NEW COM	76,300	605,631
SOUTHERN PAC FDG CORP COM	5,000	235	SUNOCO INC COM	124,700	3,764,381
SOUTHTRUST CORP COM	52,300	2,007,013	SUNRISE INTERNATIONAL LEASING	13,700	61,650
SOUTHWEST AIRLS CO COM	166,425	5,179,978	SUNRISE MED INC COM	19,500	138,938
SOUTHWESTERN ENERGY CO COM	99,000	1,045,688	SUNTRUST BKS INC	272,100	18,893,944
SPACEHAB INC	7,400	37,925	SUPERIOR ENERGY SERVICES INC	52,600	267,944
SPAN AMER MED SYS INC	3,300	14,231	SUPERIOR INDS INTL INC COM	37,000	1,010,563
SPARTON CORP	6,500	39,000	SUPERVALU INC COM	75,100	1,943,213
SPECIAL METALS CORP COM	27,400	159,263	SUPREMA SPECIALTIES INC	7,100	49,256
SPECIALTY CARE NETWORK INC COM	11,800	20,650	SUPREME INDS INC CL A	1,500	14,531
SPECIALTY CATALOG CORP	7,800	29,738	SWIFT ENERGY CO COM	30,600	327,038
SPECTRUM CTL INC	15,800	115,538	SYBRON CHEM INC	6,700	118,925
SPEEDFAM IPEC INC COM STK	13,900	223,269	SYBRON INTL CORP COM	75,320	2,076,008
SPEIZMAN INDS INC	4,500	16,875	SYLVAN INC	8,000	93,000
SPIEGEL INC CL A NON-VTG	11,300	100,288	SYMIX SYS INC	2,000	20,500
SPLASH TECHNOLOGY HLDGS INC	19,200	134,995	SYMS CORP	28,000	227,500
SPORT HALEY INC COM	3,300	15,881	SYNOVUS FINL CORP	73,050	1,451,869
SPORT SUPPLY GROUP INC	6,700	67,838	SYNTHETIC INDS INC	10,800	318,600
SPORTSMANS GUIDE INC COM NEW	2,000	10,750	SYSCO CORP COM	91,600	2,730,825
SPRINGS INDS INC CL A	15,900	693,638	SYSTEMAX INC COM	23,000	284,625
SPRINT CORP (FON GROUP) COM	444,400	23,553,200	TAB PRODS CO	4,500	33,188
SPRINT CORP PCS COM SER 1	202,850	11,562,450	TALBOTS INC	5,800	221,125
ST JOE COMPANY COM	21,645	584,415	TANDY BRANDS ACCESSORIES INC	7,900	135,288
ST JOHN KNITS INC COM	35,500	1,038,375	TANDY CORP COM	109,490	5,351,324
ST JUDE MED INC COM	23,100	822,938	TANDYCRAFTS INC	10,200	36,975
ST PAUL BANCORP INC	7,400	188,700	TB WOODS CORP COM	8,100	88,594
ST PAUL COS INC	182,858	5,817,170	TBC CORP	29,100	205,519
STAFFMARK INC	1,600	16,050	TCA CABLE TV INC	27,010	1,499,055
STAGE STORES INC	6,400	41,600	TECH DATA CORP COM	51,600	1,973,700
STANDARD COML CORP	21,700	127,488	TECH OPS SEVCON INC	2,000	24,750
STANDARD MGMT CORP	9,100	59,719	TECH SYM CORP COM	2,300	54,625
STANDARD MTR PRODS INC	3,000	73,500	TECHNE CORP COM	30,000	761,250
STANDARD PAC CORP NEW COM	75,723	984,399	TECO ENERGY INC COM	40,000	910,000
STANDARD PRODS CO COM	38,875	996,172	TECUMSEH PRODS CO CL A	12,400	750,975
STANDARD REGISTER CO COM	4,486	137,945	TECUMSEH PRODS CO COM	2,000	109,000
STANDEX INTL CORP COM	17,700	484,538	TEKTRONIX INC COM	28,100	848,269
STANLEY WKS	24,300	782,156	TELLIGENT INC CL A	24,300	1,453,444
STAPLES INC COM	303,600	9,392,625	TELLABS INC COM	325,700	22,005,106
STARBUCKS CORP COM	19,200	721,200	TELXON CORP	2,900	23,019
STARRETT L S CO CL A	15,700	421,938	TEMPLE INLAND INC COM	279,500	19,180,688
STATE AUTO FINL CORP	5,002	67,527	TENET HEALTHCARE CORP COM	530,900	9,854,831
STATE STREET CORP	44,000	3,756,500	TENNECO INC NEW COM	169,500	4,046,813
STATEN IS BANCORP INC COM	1,920	34,560	TERRA INDS INC	106,400	425,600
STEEL TECHNOLOGIES INC	16,000	151,000	TESORO PETE CORP	78,601	1,252,703
STEPAN CHEM CO COM	15,400	390,775	TETRA TECHNOLOGIES INC DEL COM	13,500	128,250
STEPHAN CO	7,700	32,244	TEXACO INC COM	275,400	17,178,075
STERIS CORP COM	50,000	968,750	TEXAS INDS INC COM	77,783	3,014,091
STERLING FINL CORP/SPOKANE	6,000	82,875	TEXAS INSTRS INC COM	312,000	44,928,000
STERLING SOFTWARE INC COM	48,500	1,282,219	TEXAS UTILS CO COM	189,065	7,834,381

SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
TEXTRON INC COM	106,100	8,733,356	UMB FINL CORP	8,400	360,150
TFC ENTERPRISED INC	11,300	25,425	UNICO AMERN CORP	8,400	85,575
THERMEDICS INC	10,300	95,919	UNICOM CORP COM	171,500	6,613,469
THERMO BIOANALYSIS CORP	500	8,688	UNIFI INC	30,000	637,500
THERMO ECOTEK CORP	8,719	69,752	UNIFIRST CORP	13,100	240,713
THERMO ELECTRON CORP COM	99,600	1,998,225	UNILAB CORP NEW	9,900	59,400
THERMO INSTR SYS INC	58,400	934,400	UNILEVER N V NEW YORK SHS NEW	444,732	31,020,066
THERMOQUEST CORP	3,000	39,938	UNION CARBIDE CORP COM	397,500	19,378,125
THERMOTREX CORP	134,400	1,024,800	UNION PAC CORP COM	538,900	31,424,606
THOMAS & BETTS CORP COM	15,300	722,925	UNION PAC RES GROUP INC COM	68,800	1,122,300
TIDEWATER INC COM	101,079	3,082,910	UNION PLANTERS CORP TENN COM	37,300	1,666,844
TIMBERLAND CO CL A	11,700	796,331	UNIONBANCAL CORP	86,600	3,128,425
TIME WARNER INC COM	699,200	50,779,400	UNIPHASE CORP COM	17,000	2,822,000
TIMES MIRROR CO NEW COM SER A	19,800	1,173,150	UNISOURCE ENERGY CORP COM	11,396	136,040
TIMKEN CO	80,100	1,561,950	UNISOURCE WORLDWIDE INC COM	59,600	718,925
TITAN INTL INC ILL COM	20,400	242,250	UNISYS CORP	71,400	2,780,138
TITANIUM METALS CORP COM	93,237	1,048,916	UNITED COS FINL CORP COM	12,400	496
TJ INTL INC COM	3,700	114,700	UNITED HEALTHCARE CORP COM	121,500	7,608,938
TJX COS INC NEW COM	1,329,500	44,288,969	UNITED RENTALS INC COM	595	17,553
TNP ENTERPRISES INC COM	8,900	322,625	UNITED TECHNOLOGIES CORP COM	245,995	17,711,626
TODHUNTER INTL INC DEL	5,800	48,575	UNITED WIS SVCS INC NEW COM	6,752	54,016
TOLL BROS INC COM	44,255	948,717	UNITRIN INC COM	19,308	791,628
TOLLGRADE COMMUNICATION INC	2,600	39,650	UNIVERSAL CORP VA	41,200	1,171,625
TOMMY HILFINGER CORP COM	105,190	7,705,168	UNIVERSAL HEALTH SVCS INC CL B	35,000	1,671,250
TOOTSIE ROLL INDS INC	18,120	699,885	UNIVERSAL STAINLESS & ALLOY	11,800	67,850
TORCHMARK CORP	38,500	1,313,813	UNOCAL CORP COM	170,800	6,767,950
TORO CO	24,710	972,956	UNOVA INC COM	75,000	1,190,625
TOSCO CORP NEW COM	592,600	15,370,563	UNUM CORP COM	333,700	18,270,075
TOTAL CONTAINMENT INC	4,400	13,200	URBAN OUTFITTERS INC COM	32,000	804,000
TOYS R US INC COM	113,300	2,343,894	US AIRWAYS GROUP INC COM	40,200	1,751,213
TRANS LUX CORP	1,800	14,850	US BANCORP PA	7,600	119,700
TRANSAMERICA CORP COM	34,200	2,565,000	US FOODSERVICE COM	57,810	2,464,151
TRANSOCEAN OFFSHORE INC CAYMAN	281,840	7,398,300	US ONCOLOGY INC COM	41,112	493,344
TRANSPORT CORP OF AMER INC	10,000	128,750	US TACT ASSET ALLOCATION FD	64,690,258	3,346,773,642
TRANSPORTATION TECHNOLOGIES	13,200	174,900	USA NETWORKS INC COM	39,110	1,569,289
TRANSPRO INC COM	6,700	35,175	USA TRUCK INC	13,000	119,028
TRANSTECHNOLOGY CORP COM	10,600	208,688	USANA INC CDT-SHS	13,100	108,075
TREMONT CORP DEL PAR \$1.00	4,833	103,910	USEC INC COM	35,020	520,923
TRENWICK GROUP INC COM	7,798	192,267	USG CORP NEW COM	52,700	2,951,200
TRIAD HOSPS INC COM	8,011	108,150	UST INC COM	173,300	5,079,856
TRIBUNE CO NEW COM	220,500	19,211,063	USWEB CORP COM	172,800	3,834,000
TRICO MARINE SVCS INC COM	18,100	118,781	USX MARATHON GROUP NEW COM	217,600	7,085,600
TRICON GLOBAL RESTAURANTS INC	41,730	2,258,636	USX U S STL GROUP COM	145,000	3,915,000
TRINITY INDS INC	43,800	1,467,300	UTAH MED PRODS INC	11,100	86,025
TRIUMPH GROUP INC COM NEW	23,400	596,700	UTILICORP UNITED INC	143,200	3,481,550
TRUSTMARK CORP	8,021	183,480	V F CORP COM	64,200	2,744,550
TRW INC	110,900	6,085,638	VAIL RESORTS INC COM	6,791	122,238
TUBOSCOPE INC	104,900	1,435,819	VALERO ENERGY CORP COM NEW	64,266	1,377,702
TUFCO TECHNOLOGIES INC	1,300	10,400	VALHI INC NEW	53,400	594,075
TUPPERWARE CORP COM	15,900	405,450	VALLEN CORP	1,900	30,400
TURNER CORP	9,500	167,438	VALMONT INDS INC COM	20,700	352,542
TWIN DISC INC COM	3,300	66,206	VALUE CITY DEPT STORES INC	70,500	863,625
TWINLAB CORP COM	20,000	171,880	VALUEVISION INTL INC CL A	54,130	1,075,834
TYCO INTL LTD NEW COM	985,272	93,354,522	VANS INC COM	17,900	205,009
U S BANCORP DEL COM	665,091	22,197,412	VARCO INTL INC COM	59,200	640,100
U S FREIGHTSWAY CORP COM	52,020	2,409,176	VARIAN INC COM	23,500	317,250
U S HOME CORP NEW COM	29,757	1,056,374	VARIAN MED SYS FNC COM	24,700	623,675
U S OFFICE PRODS CO COM NEW	72,100	387,538	VARIAN SEMICONDUCTOR EQUIPMENT	23,500	399,500
U S WEST INC NEW COM	255,309	14,999,404	VARLEN CORP	14,050	569,025
U S XPRESS ENTERPRISES INC	27,500	293,906	VASTAR RES INC COM	21,900	1,148,381
UCAR INTL INC COM	71,000	1,792,750	VDI MEDIA COM	12,200	79,300
UICI	22,008	607,971	VENATOR GROUP INC COM	181,300	1,892,319
ULTRAMAR DIAMOND SHAMROCK CORP	64,200	1,400,363	VENCOR INC NEW	38,028	5,704
ULTRATECH STEPPER INC COM	11,600	174,725	VERITAS DGC INC COM	30,500	558,531

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SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
VERITAS SOFTWARE CO COM	9,500	901,906	WOODHEAD DANIEL INC	14,200	173,950
VERTEX COMMUNICATIONS CORP	7,200	98,550	WOODWARD GOVERNOR CO	400	10,400
VESTCOM INTL INC COM	12,100	42,350	WORLD ACCEP CORP	24,400	122,756
VETERINARY CTRS AMER INC COM	6,700	90,869	WORLD COLOR PRESS INC DEL	15,227	418,743
VIACOM INC CL B	356,800	15,699,200	WORLD FUEL SVC CORP	16,600	244,850
VIDEO DISPLAY CORP	4,800	23,100	WORLDTEX INC COM	16,600	39,425
VINTAGE PETE INC COM	41,700	448,275	WORTHINGTON INDS INC COM	74,700	1,227,881
VISHAY INTERTECHNOLOGY INC	63,250	1,328,250	WPI GROUP INC	6,400	20,602
VISX INC DEL	35,470	2,808,781	WRIGLEY WM JR CO COM	56,440	5,033,743
VITESSE SEMICONDUCTOR CORP COM	47,170	3,181,027	WYMAN GORDON CO COM	45,600	880,650
VIVID TECHNOLOGIES INC COM	11,300	39,550	XEROX CORP COM	333,000	19,667,813
VLASIC FOODS INTL INC COM	17,891	130,828	XILINX INC COM	70,880	4,057,880
VODAFONE GROUP PLC SPONS ADR	194,700	38,355,900	XL CAP LTD CL A COM	156,428	8,838,201
VULCAN MATLS CO COM	28,000	1,351,000	X-RITE INC	111,500	717,781
WABASH NATL CORP COM	28,634	554,784	XTRA CORP COM	20,900	960,094
WACHOVIA CORP NEW COM	112,700	9,642,894	YAHOO INC	14,250	2,454,563
WACKENHUT CORP CL B COM	3,000	72,000	YANKEE ENERGY SYS INC	4,500	178,594
WAL MART STORES INC COM	3,200,900	154,443,425	YELLOW CORP COM	62,722	1,113,316
WALGREEN CO	505,000	14,834,375	YORK GROUP INC	15,000	112,500
WALLACE COMPUTER SVCS INC	43,507	1,087,675	YORK RESH CORP	18,600	115,088
WALTER INDS INC COM	13,158	170,232	YOUNG & RUBICAM INC COM	29,700	1,349,494
WARNER LAMBERT CO COM	842,800	58,258,550	ZALE CORP NEW COM	45,400	1,816,000
WASHINGTON FEDERAL INC	3,962	88,897	ZEBRA TECHNOLOGIES CORP CL A	29,000	1,114,688
WASHINGTON HOMES INC NEW	9,700	62,444	ZEMEX CDA CORP COM	11,526	73,478
WASHINGTON MUTUAL INC COM	608,398	21,636,154	ZENITH NATL INS CORP	16,452	405,131
WASHINGTON POST CO CL B DEL	960	516,240	ZIONS BANCORP	49,880	<u>3,167,197</u>
WASTE MGMT INC DEL COM	858,887	46,165,176			
WATERLINK INC COM	9,800	28,175			
WATERS CORP COM	174,100	9,249,063	TOTAL COMMON STOCK – DOMESTIC		<u>12,592,679,867</u>
WATSON PHARMACEUTICALS INC COM	76,000	2,664,750			
WATTS INDS INC CL A	68,364	1,311,734	TOTAL PREFERRED AND COMMON STOCK – DOMESTIC		<u>12,592,794,111</u>
WEBB DEL CORP	44,069	1,052,147			
WEBCO INDS INC	8,200	42,025	INVESTMENTS HELD BY BROKER – DEALERS UNDER SECURITY LOAN PROGRAM		<u>(65,242,816)</u>
WEIDER NUTRITION INTL INC COM	25,100	103,538			
WEIS MKTS INC	7,562	295,863	PREFERRED AND COMMON STOCK – DOMESTIC NET OF SECURITY LOAN PROGRAM		<u>\$ 12,527,551,295</u>
WELLMAN INC COM	42,400	675,750			
WELLPOINT HEALTH NETWORK INC	17,800	1,510,775			
WELLS FARGO & CO NEW COM	1,247,100	53,313,525			
WENDYS INTL INC COM	34,000	969,000			
WERNER ENTERPRISES INC COM	11,100	230,325			
WESBANCO INC	4,300	129,000			
WESCO FINL CORP	498	154,380			
WEST PHARMACEUTICAL SVCS INC	3,700	145,225			
WESTAFF INC COM	21,800	128,075			
WESTCORP	13,000	146,250			
WESTVACO CORP COM	27,700	803,300			
WEYERHAEUSER CO COM	128,100	8,806,875			
WHIRLPOOL CORP COM	20,900	1,546,600			
WHITE MTNS INS GROPU INC COM	1,500	211,500			
WHITNEY HLDG CO	4,000	159,000			
WICOR INC	4,100	114,544			
WILLAMETTE INDS INC	30,500	1,404,906			
WILLIAMS COS INC COM	241,800	10,291,613			
WINDMERE DURABLE HOLDINGS	17,232	290,790			
WINN DIXIE STORES INC	40,700	1,503,356			
WINNEBAGO INDS INC	22,000	495,000			
WINSLOEW FURNITURE INC	7,700	258,913			
WINSTON RES INC	4,400	19,250			
WISCONSIN CENT TRANSN CORP COM	58,400	1,102,300			
WITCO CORP COM	7,763	153,319			
WLR FOODS INC	22,700	184,438			
WOLVERINE TUBE INC	32,359	813,020			
WOLVERINE WORLD WIDE INC COM	41,800	585,200			

ARIZONA STATE RETIREMENT SYSTEM

FOREIGN SECURITIES

	PAR VALUE	MARKET VALUE
CORPORATE BONDS – FOREIGN		
FRANCE		
CLUB MEDITERRANEE BDS EX WTS	\$ 294,025	<u>\$ 46,046</u>
TOTAL CORPORATE BONDS		<u>\$ 46,046</u>
PREFERRED STOCK – FOREIGN		
EURO CURRENCY UNIT		
HENKEL KGAA NON VTG PEF NPV	36,000	<u>\$ 2,517,441</u>
TOTAL EURO CURRENCY UNIT		<u>2,517,441</u>
UNITED STATES		
FIAT S P A SPONSORED ADR REPST	287,464	4,635,357
NEWS CORP LTD SPON ADR REPSTG	38,035	<u>1,200,480</u>
TOTAL UNITED STATES		<u>5,835,837</u>
TOTAL PREFERRED STOCK - FOREIGN		<u>\$ 8,353,278</u>

ARIZONA STATE RETIREMENT SYSTEM

COMMON STOCK – FOREIGN

SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
AUSTRALIA			EURO CURRENCY UNIT (con't)		
AUSTRALIAN & NEW ZEALAND BANK	769,481	\$ 5,650,764	FIAT SPA PRIV ITL1000	2,496,000	4,003,152
BRAMBLES INDS ORD STK NPV	43,290	1,138,951	HEINEKEN NV 'A' NLG5	88,700	3,339,209
BROKEN HILL PROP ORD A\$1	579,012	6,698,228	HEINEKEN NV NLG5	24,000	1,229,016
FOSTERS BREWING GROUP LTD	915,800	2,577,749	HOECHST AG ORD NPV	195,580	8,815,217
LEND LEASE CORP ORD A\$0.50	344,000	4,716,983	ING GROEP N V CVA NLG1	695,352	37,652,268
NATL AUSTRALIA BK LTD ORD A\$1	536,150	8,860,549	KONINKLIJKE KPN NV NLG1	369,170	17,324,668
NEWS CORP ORD A\$0.50	1,253,220	10,678,605	MANNESMANN AG NPV	333,105	49,816,852
QBE INS GROUP A\$1	807,607	3,069,744	METALLGESELLSCHAFT AG NPV	139,000	2,573,395
TELSTRA CORP ORD AUD0.50	1,010,387	5,782,152	MICHELIN CIE GLE DES ETABL	216,800	8,870,510
WESTPAC BANKING CORP A\$1	1,255,522	8,133,636	NOKIA (AB) OY EUR0.24	139,600	12,238,592
WOODSIDE PETROLEUM ORD A\$0.50	600,000	4,057,525	OMV AG AUSH100	19,500	1,739,513
TOTAL AUSTRALIA		61,364,886	OUTOKUMPU OY ORD A FIM10	72,000	809,443
CANADA			PARIBAS EX BANQUE PARIBAS	26,700	2,993,422
BOMBARDIER INC CLASS'B/SUBORD	343,600	5,248,473	SIEMENS AG DEM5	124,500	9,605,016
CANADIAN IMPERIAL BK COMM NPV	180,000	4,289,206	STMICROELECTRONICS EUR3.12	169,200	11,273,532
FAIRFAX FINL HLDGS SUB VTG COM	1,600	429,056	SYNTHELABO FF10	27,400	5,708,593
NEWCOURT CREDIT GROUP INV NPV	22,800	296,415	TELECOM ITALIA MOBILE DI RISP	1,495,000	5,504,737
ROGERS CANTEL MOBILE	96,000	1,580,448	TELECOM ITALIA MOBILE ITL50	389,100	2,323,630
ROYAL BK OF CANADA COM STK NPV	106,800	4,712,831	TELECOM ITALIA SPA DI RISP	1,666,500	9,041,036
TOTAL CANADA		16,556,429	TELECOM ITALIA SPA ORD ITL1000	1,179,163	12,259,182
DENMARK			TELEFONICA SA ORD EUR3.00506	268,513	12,936,069
DEN DANSKE BANK DKK100	105,100	11,359,014	TELEVISION FRANCAISE(T F 1)	20,000	4,661,928
TELE DANMARK A/S DKK5	59,200	2,903,810	THYSSEN KRUPP AG NPV	160,000	3,506,760
TOTAL DENMARK		14,262,824	TNT POST GROEP NV NLG1	156,515	3,737,095
EURO CURRENCY UNIT			TOTAL FINA EUR10	110,423	14,247,674
ABN-AMRO HLDGS NV NLG1.25	222,000	4,808,387	UNION ELECTRICA FENOSA SPPT500	304,435	3,981,447
AEGON NV NLG0.50	75,924	5,508,969	UPM-KYMMENE OY FIM10	260,000	7,454,959
AHOLD (KON) NV NLG0.50	224,010	7,716,867	VALEO EUR3	41,178	3,397,679
ALCATEL EUR10	191,800	27,002,774	VEBA AG DEM5	172,940	10,202,782
ARGENTARIA CAJA POSTAL Y BANCO	316,000	7,199,626	VIAG AG DM50	6,375	2,958,829
ASM LITHOGRAPHY HLDG NV	103,600	5,994,456	VIVENDI EUR5.5	200,302	16,227,761
ASSICURAZIONI GENERALI ITL2000	133,000	4,609,120	VIVENDI EUR5.5 SUB RTS	8	9
AXA EUR9.15	91,060	11,110,651	TOTAL EURO CURRENCY UNIT		526,186,908
BANCO POPULAR ESPANOL EUR1	20,000	1,438,803	HONG KONG		
BANCO SANTANDER CENT HISPANO	705,950	5,562,057	CHEUNG KONG(HLDGS) HK\$0.50	443,000	3,939,757
BASF AG NPV	290,900	12,781,459	CITIC PACIFIC LTD HK\$0.40	4,583,000	14,619,809
BAYER MOTOREN WERKE AG DM50	30,637	21,297,727	HSBC HLDGS ORD HK REG	739,380	26,969,368
BAYERISCHE HYPO-UND VEREINBANK	96,380	6,133,371	HUTCHISON WHAMPOA HK\$0.25	1,433,000	12,975,054
CANAL PLUS FF20	7,203	2,021,478	SUN HUNG KAI PROPERTIES	366,000	3,337,522
CIE DE ST-GOBAIN NPV	22,000	3,505,729	SWIRE PACIFIC A HK \$0.60	2,813,500	13,924,987
CORPORACION MAPFRE SA NEW ESP	42,200	859,620	TOTAL HONG KONG		75,766,497
CRH ORD EUR0.32 DUBLIN LIST	272,147	4,827,910	JAPAN		
DANONE (EX BSN) FF10	14,813	3,819,532	ACOM CO Y50	23,000	1,986,856
DEUTSCHE TELEKOM AG NPV	556,450	23,387,343	ADVANTEST Y50	102,300	11,247,334
DRESDNER BANK AG ORD NPV	59,000	2,294,143	ASAHI BREWERIES Y50	308,000	3,834,405
DSM NV ORD NTFL20	33,500	3,593,398	CANON INC Y50	492,000	14,153,591
ELECTRICIDADEDE PORTUGUAL EDP	105,840	1,905,993	DAIICHI PHARMACEUTICAL CO Y50	275,000	4,269,240
ELF AQUITAINE EUR8	147,900	21,707,020	DDI CORP Y5000	1,200	7,469,620
ELSEVIER NV EUR0.06-AMS LISTNG	187,825	2,179,380	FUJI PHOTO FILM LTD ORD Y50	142,000	5,376,209
ENI ITL1000 (REGD)	4,009,900	23,946,345	HITACHI LTD Y50	3,015,000	28,288,211
			HONDA MOTOR CO Y50	117,000	4,961,643
			HOYA CORP Y50	110,000	6,210,630

ARIZONA STATE RETIREMENT SYSTEM

SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
JAPAN (con't)			SINGAPORE		
JAPAN TOBACCO INC Y50000	800	8,861,701	DEVELOPMENT BANK OF SINGAPORE	2,953,000	36,088,367
KAO CORP Y50	281,000	7,897,826	SINGAPORE PRESS HLDGS SGD1	389,000	6,628,085
KEYENCE CORP Y50	11,000	1,925,932	SINGPORT TECHNOLOGIES	3,017,000	3,421,157
KOMATSU Y50	2,228,000	14,236,951	TOTAL SINGAPORE		46,137,609
KYOCERA CORP Y50	313,900	18,423,493			
MATSUSHITA ELEC INDL CO Y50	650,000	12,627,097	SWEDEN		
MEITEC Y50	130,000	4,352,319	ABB LTD CHF10	42,222	3,955,069
MITSUBISHI HEAVY IND Y50	3,963,000	16,085,252	ASTRAZENECA ORD USD0.25	216,598	8,447,600
MITSUI CHEMICALS JPY50	213,000	1,373,398	ERICSSON(LM)(TELEFONAKTIEBOLA)	160,750	5,161,411
MURATA MANUFACTURING CO Y50	254,000	16,713,565	SCANIA AB SEK10 'B' SHS	100,000	2,774,865
NEC CORP Y50	408,000	5,075,969	VOLVO AB SER A SEK6	700	20,208
NICHIEI CO OTC LISTING Y50	65,000	5,695,627	TOTAL SWEDEN		20,359,152
NIDEC CORP Y50	50,000	7,526,659			
NIKON Y50	197,000	3,224,436	SWITZERLAND		
NINTENDO CO	45,000	6,327,602	ALUSUISSE-LONZA HLDGS CHF100	4,870	5,674,516
NIPPON TEL & TEL CORP Y50000	550	6,410,680	COMPAGNIE FINANCIERE RICH AG	3,000	5,768,118
NISSAN MOTOR CO Y50	1,600,000	7,644,870	CREDIT SUISSE GROUP	8,825	1,526,542
NTT MOBILE COMMN NETWORK NPV	292	3,958,667	HOLDERBANK FINANCIERE GLARIS	4,207	4,964,211
NTT MOBILE COMMUNICATIONS	1,168	15,641,563	HOLDERBANK FINANCIERE GLARIS	4,207	61,681
ONO PHARMACEUTICAL CO Y50	170,000	5,902,290	NESTLE SA REGD ZUR LISTING	8,357	15,052,381
ROHM CO Y50	80,000	12,532,032	NOVARTIS AG REGD CHF20	11,613	16,951,649
SAKURA BANK Y50	604,000	2,291,775	ROCHE HLDG AG GENUSCHEINE NPV	944	9,700,418
SHISEIDO Y50	316,000	4,738,563	SCHWEIZ RUCKVERSICHERUNGS-G	5,815	11,068,356
SONY CORP Y50	246,700	26,613,498	SWISSCOM AG CHF25	42,700	16,062,954
SONY MUSIC ENT(JAP) Y50	95,000	8,088,782	UBS AG UTD BK SWITZ CHF20	34,271	10,225,544
SUZUKI MOTOR CO Y50	280,000	4,455,650	ZURICH ALLIED AG CHF10(REGD)	15,500	8,811,009
TAKEDA CHEMICAL INDUSTRIES Y50	459,000	21,286,186	TOTAL SWITZERLAND		105,867,379
TAKEFUJI JPY50	22,400	2,316,475			
TDK CORP	55,000	5,033,066	UNITED KINGDOM		
TERUMO CORP Y50	150,000	3,341,737	ALLIED ZURICH ORD GBP0.25	753,030	9,466,034
THK CO Y50	180,000	4,166,322	ANGLO AMERICAN CORP OF STH AFI	269,000	13,712,524
TOKIO MARINE & FIRE INS CO Y50	1,704,000	18,523,269	ASTRAZENECA ORD USD0.25	358,695	13,874,744
TOKYO ELECTRON Y50	204,000	13,845,085	BARCLAYS ORD STK 1	664,895	19,346,832
YASUDA FIRE & MARINE INS Y50	670,000	3,550,219	BICC LTD ORD 50P	534,045	761,819
TOTAL JAPAN		388,486,294	BOC GROUP ORD 25P	994,885	19,445,525
			BRITISH AMERICAN TOBACCO ORD	1,833,950	17,243,405
MALAYSIA			BRITISH STEEL ORD 50P	5,628,890	14,573,143
AMSTEEL CORP BERHAD MY\$0.50	798,200	175,907	CABLE & WIRELESS ORD 25P	712,605	9,081,425
KUALA LUMPUR KEPONG BERHAD	1,551,750	1,912,109	CADBURY SCHWEPPES ORD 12.5P	1,668,060	10,622,289
RESORTS WORLD BHD MY\$0.50 MSE	970,600	2,058,500	CARADON ORD GBPO.27777	608,000	1,432,748
TOTAL MALAYSIA		4,146,516	COCA-COLA BEVERAGES ORD	640,500	1,347,800
			COLT TELECOM GROUP ORD	408,800	8,576,578
NEW ZEALAND			DIAGEO ORD 28 101/108P	1,889,170	19,727,953
TELECOM CORP OF NEW ZEALAND	260,031	1,115,155	DIXONS GROUP ORD 10P	148,000	2,764,427
TOTAL NEW ZEALAND		1,115,155	EMI GROUP ORD 14P	819,890	6,578,070
			ENTERPRISE OIL ORD 25P	259,600	1,681,789
NORWAY			GLAXO WELLCOME ORD 25P	573,392	15,934,155
NORSK HYDRO ASA NWKR20	69,600	2,622,982	GRANADA GROUP ORD 25P	580,425	10,768,313
TOTAL NORWAY		2,622,982	HILTON GROUP PLC ORD 10P	918,565	3,641,439
			HSBC HLDGS ORD 75P	158,292	5,606,439
S AFRICA			IMPERIAL CHEMICAL INDUSTRIES	843,970	8,341,029
SOUTH AFRICAN BREWERIES PLC	168,000	1,458,933	INVENSYS ORD 25P	5,441,932	25,754,981
TOTAL S AFRICA		1,458,933	KINGFISHER ORD GPB0.125	525,095	6,042,071
			LLOYDS TSB GROUP ORD 25P	779,275	10,563,657
			MARKS & SPENCER ORD 25P	3,246,135	18,778,363
			MORGAN CRUCIBLE CO. ORD 25P	60,280	257,019
			NATIONAL POWER ORD 50P	1,301,778	9,479,905

ARIZONA STATE RETIREMENT SYSTEM

SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
UNITED KINGDOM (con't)			UNITED STATES (ADR'S) (con't)		
NATIONAL WESTMINSTER BK ORD L1	390,800	8,285,180	BORAL LTD SPONSORED ADR NEW	23,309	320,499
ORANGE ORD 20P	209,100	3,065,223	BP AMOCO PLC SPONSORED ADR	170,532	18,502,722
PEARSON ORD 25P	128,890	2,618,769	BRIDGESTONE CORP ADR	14,300	4,324,177
PRUDENTIAL CORP 5P	895,475	13,183,340	BRITISH AIRWAYS PLC ADR	39,530	2,823,924
RAILTRACK GROUP PLC ORD 25P	98,970	2,023,339	BRITISH AMERN TOB PLC	102,513	1,973,375
RECKITT & COLMAN ORD 10 10/19	1,110,000	11,573,852	BRITISH SKY BROADCASTING ADR	60,400	3,389,950
REUTERS GROUP ORD GBP0.25	571,040	7,511,350	BRITISH STL PLC ADR FNL INSTAL	17,170	447,493
ROYAL & SUN ALLIANCE INS GR	1,381,007	12,386,062	BRITISH TELECOMMUNICATIONS ADI	83,847	14,358,799
SAFeway ORD 25P	149,960	600,982	BROKEN HILL PROPRIETARY ADR	142,906	3,394,018
SHELL TRANS & TRDG ORD 25P REG	2,126,216	15,944,514	BURMAH CASTROL PLC ADR	11,650	366,975
SOUTH AFRICAN BREWERIES PLC	819,700	7,028,764	CABLE & WIRELESS PUB LTD ADR	227,520	9,015,480
STANDARD CHARTERED 25P	395,900	6,465,027	CADBURY SCHWEPPE'S PLC ADR 10	71,450	1,902,356
TI GROUP ORD 25P	578,690	3,876,680	CANAL PLUS SPONSORED ADR	44,500	2,497,563
UNITED UTILITIES ORD GBP1	186,131	2,262,029	CANON INC ADR REPSTG 5 SHS	118,000	3,436,750
VODAFONE AIRTOUCH ORD USD0.10	925,355	18,232,386	CARLTON COMM. PLC ADR	9,750	418,031
WPP GROUP ORD 10P	138,488	1,171,135	CATHAY PAC AWYS LTD ADR	96,600	741,019
3I GROUP ORD 50P	335,000	3,809,836	CENTRAIS ELECTRICAS BRAS ADR	1,382,500	13,068,773
TOTAL UNITED KINGDOM		405,442,944	CHEUNG KONG HLDGS LTD ADR	416,000	3,698,240
UNITED STATES (ADR'S)			CHRISTIANIA BK OG KREDITKASSE	82,760	2,697,976
ABB AB SPONSORED ADR	75,000	1,021,875	CITY DEVS LTD SPONSORED ADR	83,000	531,698
ABB AG SPONSORED ADR	47,010	6,955,271	CLP HLDGS LTD	449,888	2,186,006
ABBEY NATL PLC SPONSORED ADR	99,500	3,723,390	COCA COLA AMATIL LTD ADR	46,650	376,092
ABN AMRO HLDG N V SPONSORED	150,900	3,300,938	COLES MYER LTD SPONSORED ADR	18,491	869,077
ACCOR S A SPONSORED ADR	209,000	5,247,781	COMPANHIA CERVEJARIA BRAHMA	650,000	7,353,125
ADECCO SA SPONSORED ADR	117,920	7,900,640	COMPANIA ANONIMA NACIONAL	466,300	12,706,675
AEGON N V AMERICAN REG SHR	62,800	4,643,275	CREDIT SUISSE GROUP SPON ADR	155,480	6,726,842
AIR LIQUIDE ADR	90,369	2,842,376	CRH PLC ADR	45,000	821,250
AJINOMOTO INC ADR	16,100	1,835,642	CSK CORP SPONSORED ADR	22,000	496,375
AKTIEBOLAGET ELECTROLUX ADR	55,200	2,318,400	CSR LTD SPONSORED ADR	52,975	605,875
AKZO NOBEL N.V. ADR	33,114	1,403,206	DAI EL INC ADR	102,000	704,438
ALCATEL ADR	343,850	9,756,744	DAI NIPPON PRTG LTD JAPAN ADR	16,810	2,687,415
ALLIED IRISH BKS PLC ADR	196,290	5,348,903	DAIMLER CHRYSLER AG ORD	94,741	8,431,949
ALLIED ZURICH PLC SPONS ADR	103,370	2,582,596	DAIWA HOUSE IND LTD ADR	30,700	3,228,750
ALPS ELETRIC ADR	7,000	327,901	DAIWA SECS LTD JAPAN ADR	35,006	2,313,652
AMADA LTD ADR	33,250	939,313	DASSAULT SYS S A SPONS. ADR	6,300	209,081
AMCOR LTD ARD NEW ADR	12,775	287,438	DE BEERS CONS MINES LTD ADR	250,000	5,968,750
ARGENTARIO CAJA POSTAL Y BANCO	22,000	1,012,000	DEN DANSKE BK AF 1871 ADR	34,400	3,730,783
ASAHI BK LTD ADR	56,500	2,707,480	DENSO CORP ADR	64,275	5,225,300
ASAHI CHEM IND LTD ADR	58,300	3,231,977	DEUTSCHE BANK SPONSORED ADR	164,100	9,786,924
ASAHI GLASS ADR	28,400	1,841,996	DEUTSCHE LUFTHANSA A G ADR	151,700	2,761,395
ASSOCIATED BRITISH FOODS LTD	67,760	442,473	DEUTSCHE TELEKOM AG SPON ADR	287,700	71,925
ASTRAZENECA PLC SPONSORED ADR	250,861	9,830,615	DEUTSCHE TELEKOM AG SPON.	287,700	12,155,325
ASUSTEK COMPUTER INC GDR EACH	108,480	1,564,824	DEVELOPMENT BK SINGAPORE ADR	146,761	7,172,210
ATLAS COPCO AB SPONSORED ADR	10,600	288,638	DIAGEO PLC SPONSORED ADR NEW	159,669	6,865,767
BANCA COMMERCIALE ADR ITALIANA	112,430	8,209,076	DIVIDEND RECEIVABLE	1,491,916	1,491,916
BANCO BILBAO VIZCAYA S A ADR	548,000	8,014,500	DRESDNER BK A.G ADR SPON.	193,300	7,514,538
BANCO COMERCIAL PORTUGUES ADR	190,900	4,927,606	EBARA CORP ADR	10,800	1,284,012
BANCO SANTANDER CENT HISPANO	620,088	6,549,680	EDP-ELECTRICIDADE DE PORTUGAL	30,150	1,081,631
BANK OF AUSTRIA ADR	246,000	2,586,690	EISAI CO LTD SPONSORED ADR	29,550	582,224
BANK OF TOKYO-MITSUBISHI ADR	596,200	8,682,163	ELF AQUITAINE SPONSORED ADR	82,800	6,090,975
BANK YOKOHAMA LTD JAPAN ADR	35,700	917,026	ELSEVIER N V SPONSORED ADR NEV	28,400	670,950
BANQUE NATIONALE DE PARIS ADR	116,200	9,682,714	EMBRATEL PARTICIPACOES S A	96,600	1,340,325
BARCLAYS PLC ADR	55,631	6,647,905	ENDESA S A SPONSORED ADR	269,700	5,731,125
BASF AG ADR NEW	110,700	4,863,826	ENI S P A SPONSORED ADR	86,840	5,210,400
BASS PUB LTD CO SPONSORED ADR	86,160	1,287,015	ERICSSON L M TEL CO ADR CL B	230,700	7,598,681
BAYER A G SPONSORED ADR	106,800	4,443,841	FAIRFAX FINL HLDGS LTD SUB VTG	28,000	7,508,486
BAYERISCHE HYPO-UND VERINSBK	148,225	9,430,816	FRANCE TELECOM SPON ADR	130,000	10,010,000
BENETTON GROUP SPA ADR NEW	8,320	329,160	FUJI BK JAPAN ADR	39,735	2,770,880
BG PLC ADR FINAL INSTALLMENT	238,979	7,318,732	FUJI PHOTO FILM ADR	63,000	2,394,000
BLUE CIRCLE INDS PLC SPONSORED	697,100	4,639,898	FUJITSU LTD ADR 5 COM	61,800	6,216,462
			FURUKAWA ELEC LTD ADR	14,200	651,198

BOC GROUP PLC SPONSORED ADR	26,150	1,054,172	FURUKAWA ELEC LTD ADR	14,200	651,198
BOOTS PLC ADR	87,400	2,085,277	GENERAL ELEC PLC ADR 5 ORD	819,910	8,297,489

ARIZONA STATE RETIREMENT SYSTEM

SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
UNITED STATES (ADR'S) (con't)					
GKN PUBLIC LTD CO ADR	116,000	1,986,500	MITSUI MARINE & FIRE INS ADR	24,520	1,205,305
GLAXO WELLCOME PLC SPON ADR	232,800	13,182,300	MONTEDISON SPA SPONS ADR	272,636	4,430,338
GREAT UNVL STORES PLC ADR ORD	122,460	1,369,960	NAGOYA RR LTD ADR	39,115	1,286,492
GROUPE DANONE SPONSORED ADR	123,550	6,463,209	NATIONAL AUSTRALIA BK LTD ADR	94,250	7,917,000
HANG SENG BK LTD SPONSORED ADR	288,600	3,228,568	NATIONAL PWR PLC SPON ADR	35,150	1,080,863
HANSON PLC SPONSORED ADR NEW	23,223	1,030,521	NEC CORP ADR	109,600	6,918,500
HEINEKEN NV ADR	37,031	1,896,098	NEPTUNE ORIENT LINES LTD ADR	506,000	2,474,340
HILTON GROUP PLC SPONSORED ADR	50,500	416,625	NESTLE SA SPON ADR REPSTG REG	110,500	9,955,277
HITACHI LTD ADR 10	44,900	4,240,244	NETCOM SYS AB SPONSORED ADR	75,900	2,571,113
HOKURIKU BK LTD ADR	18,400	364,835	NEW WORLD DEV LTD SPONS ADR	68,500	411,000
HOLDERBK FINANCIERE GLARIS	246,500	5,748,380	NEWS CORP LTD ADR NEW COM	229,135	8,091,330
HONDA MTR LTD ADR	76,500	6,636,375	NIKON CORP ADR	32,500	5,316,773
HONG KONG & CHINA GAS LTD ADR	1,258,427	1,651,056	NIPPON TELEG & TEL CORP ADR	318,000	19,914,750
HONG KONG TELCOMM LTD SPON ADR	262,620	7,074,326	NIPPON YUSEN KABUSHIKI ADR	72,200	2,779,700
HSBC HLDGS PLC SPONSORED ADR	23,400	8,535,150	NISSAN MTR LTD SPONSORED ADR	182,000	1,751,750
HUTCHINSON WHAMPOA LTD ADR	58,000	2,625,370	NITTO DENKO CORP ADR	3,900	818,450
IMPERIAL CHEM INDS PLC ADR NEW	24,065	956,584	NKK CORP ADR	164,300	1,342,495
INDUSTRIAL BK JAPAN LTD ADR	44,200	3,505,590	NOKIA CORP SPON ADR COM	163,320	14,953,988
ING GROEP N V SPONSORED ADR	114,900	6,319,500	NOMURA SECS JAPAN ADR 10 COM	32,400	3,793,327
INSTITUTO BANCARIO SAN PAOLO	235,281	6,470,228	NORSK HYDRO A S SPON ADR	44,100	1,686,825
INVENSYS PLC ADR	274,654	2,600,424	NORTEL NETWORKS CORP COM	89,400	7,761,038
ISTITUTO NAZIONALE ADR	157,060	3,651,645	NOVARTIS AG SPON ADR	168,742	12,319,853
ITALCEMENTI SPA ADR	20,300	257,546	NSK LTD ADR	21,600	1,184,976
ITO YOKADO LTD ADR NEW	106,100	7,201,538	OCE NV SPONSORED ADR	21,200	537,950
ITOCHU CORP ADR	42,400	1,054,700	OJI PAPER LTD NEW SPON ADR	6,400	370,099
J SAINBURY PLC SPONSORED ADR	123,532	3,107,571	OLIVETTI ING C & CO SPA ADR	129,900	284,091
JAPAN AIR LINES LTD ADR NEW	455,507	3,046,203	OMRON TATEISI ELECTRS CO ADR	9,100	1,503,684
JARDINE MATHESON HLDGS ORD US\$	2,004,747	10,023,735	ONWARD KASHIYAMA LTD ADR	11,600	637,269
JUSCO CO LTD ADR	5,500	999,708	PACIFIC DUNLOP LTD ADR	39,871	229,258
KAJIMA CORP ADR	39,955	1,452,724	PENINSULAR&ORIENTAL NAV CO ADI	25,750	773,685
KAO CORP ADR	24,300	6,826,016	PERNOD RICARD S A SPONS ADR	19,400	325,241
KAWASAKI STL CORP SPONS ADR	161,420	3,013,873	PETROFINA S A SPONSORED ADR	68,000	3,969,500
KEPPEL LTD SPONSORED ADR	64,375	438,523	PETROLEO BRASILEIRO SA ADR	567,000	8,717,625
KINGFISHER PLC SPONSORED ADR	57,100	1,315,013	PEUGEOT CITROEN S A SPONS ADR	37,320	1,472,386
KIRIN BREWERY LTD ADR	46,025	5,465,469	PIONEER ELECTR CORP ADR	21,000	413,438
KOMATSU LTD SPONSORED ADR NEW	32,500	830,245	PIRELLI S P A ADR	432,000	1,174,176
KONINKLIJKE AHOLD NV SPONSORED	142,100	4,920,213	PORTUGAL TELECOM SA ADR COM	45,700	1,882,269
KONINKLIJKE PHILIPS ELECTRS	29,193	2,944,844	PRUDENTIAL PLC ADR	150,140	11,110,360
KOREA TELECOM SPONSORED ADR	69,850	2,794,000	RANK GROUP PLC SPON ADR	40,900	327,200
KUBOTA LTD NEW ADR	12,550	754,569	REED INTL PLC SPONSORED ADR	30,800	833,525
KYOCERA CORP ADR	55,000	3,296,563	RENTOKIL INITIAL PLC ADR RED	101,310	3,960,512
L OREAL CO ADR	50,735	6,859,524	REPSOL SA SPON ADR	93,300	1,895,156
LA RINASCENTE SPA ADR LIT1000	7,140	270,199	REUTERS GROUP PLC	82,310	6,672,254
LAFARGE COPPEE SPONSORED ADR	40,530	1,283,018	RHONE-POULENC SA-SPON ADR	157,820	7,309,039
LASMO PLC SPONSORED ADR	32,900	224,131	RIO TINTO LTD SPONSORED ADR	18,490	1,212,815
LEGAL & GENERAL GROUP PLC	580,720	7,376,886	RIO TINTO PLC SPONSORED ADR	52,125	3,505,406
LVMH MOET HENNESSY ADR LOUIS	139,150	8,314,213	ROCHE HLDG LTD SPON ADR	100,700	10,351,557
MAKITA CORP ADR NEW	58,000	656,125	ROGER CANTEL MOBILE COMM INC	100,000	1,643,750
MANNESMANN A G SPONSORED ADR	56,900	8,508,314	ROYAL DUTCH PETE CO N Y	282,800	17,038,700
MARKS & SPENCER LTD SPONSD ADR	145,096	5,064,721	ROYAL KPN N V	155,100	7,444,800
MARUBENI CORP ADR	50,400	1,053,662	RWE AG SPONS ADR REPSTG ORD	151,500	7,013,844
MARUI LTD NEW ADR	19,000	627,874	SAFRA REP HLDGS SA ORD USD2.5	60,000	3,960,000
MATSUSHITA ELEC INDL LTD ADR	24,600	4,878,488	SAKURA BK LTD ADR	63,400	2,404,191
MEDIASET SPA SPONS ADR 144A	6,900	613,341	SAMSUNG ELECTRS CO GDR REPR	65,770	3,521,984
MEIJI SEIKA KAISHA LTD ADR	21,200	1,185,864	SANTOS LTD SPONORED ADR	59,405	779,691
MINEBEA LTD SPONSORED ADR	16,000	356,992	SANYO ELEC LTD ADR 5 COM	91,600	1,900,700
MITSUBISHI CHEMICAL CORP	99,240	3,436,185	SAP AKIENGESSELLSCHAFT SPONS	156,384	5,414,796
MITSUBISHI CORP SPONSORED ADR	258,000	3,495,900	SCOTTISH PWR PLC SPON ADR	26,375	923,125
MITSUBISHI ELEC CORP ADR	87,800	3,373,364	SECOM LTD ADR	7,000	1,457,421
MITSUBISHI ESTATE LTD ADR	16,600	1,619,795	SEGA ENTERPRISE LTD SPONS ADR	148,000	490,176
MITSUBISHI TR & BKG CORP ADR	29,500	2,866,102	SEKISUI HOMES LTD ADR	51,500	5,557,159
MITSUMI & CO LTD ADR	29,812	4,263,116	SHARP CORP ADR	14,200	1,677,588

ARIZONA STATE RETIREMENT SYSTEM

SECURITY NAME	SHARES	MARKET VALUE	SECURITY NAME	SHARES	MARKET VALUE
UNITED STATES (ADR'S) (con't)					
SHISEIDO LTD SPONSORED ADR	64,000	958,976	WESTPAC BKG LTD SPON ADR	101,306	3,381,088
SHIZUOKA BK LTD ADR	10,500	1,046,220	WILLIAMS PLC SPON ADR NEW	15,230	301,737
SHUN TAK HLDGS LTD SPONS ADR	213,300	569,724	WMC LTD SPONSORED ADR	23,550	412,125
SIEMENS A G ADR NEW	75,480	5,822,527	WOLTERS KLUWER N V SPONS ADR	29,600	1,178,435
SINGAPORE TELECOM LTD ADR	135,500	2,324,638	YAMAICHI SECS LTD ADR	55,800	0
SMITHKLINE BEECHAM PLC ADR	137,660	9,094,164	YAMAZAKI BAKING LTD ADR	9,200	1,141,656
SOLVAY S A SPONSORED ADR	77,900	5,169,366	YASUDA TR & BKG LTD ADR	44,800	558,566
SONY CORP AMERN SH NEW ADR	52,900	5,838,838	TOTAL UNITED STATES (ADR'S)		<u>1,131,052,617</u>
SOUTHCORP LTD SPONSORED ADR	41,640	840,587	INTERNATIONAL INDEX FUNDS		
SUMITOMO BK LTD JAPAN ADR	46,256	5,736,438	EB LIQUIDATING FUND-MALAYSIA	23,070	1,046,596
SUMITOMO ELEC INDS LTD ADR	8,100	920,865	EAFE EQUITY INDEX FUND	2,904,810	328,675,483
SUMITOMO METAL INDS LTD ADR	129,900	1,619,593	MSCI EQ INDEX FD B-MALAYSIA	1,172,191	9,374,002
SUN HUNG KAI PROP SPNSD ADR	695,754	6,348,755			
SWIRE PAC LTD SPONSORED ADR	137,000	678,561			
TAIHEIYO CEM CORP ADR	8,200	235,102			
TAISEI CONSTR LTD ADR	52,100	1,145,366	TOTAL INTERNATIONAL INDEX FUNDS		<u>339,096,081</u>
TAIWAN SEMICONDUCTOR MFG CO	115,000	3,910,000			
TATE & LYLE PLC SPONSORED ADR	7,750	194,719	TOTAL COMMON STOCK – FOREIGN		<u>3,139,923,206</u>
TAX RECLAIM RECEIVABLE	1,889,554	1,889,554			
TEIJIN LTD ADR	33,900	1,372,408	TOTAL PREFERRED AND COMMON STOCK – FOREIGN		<u>3,148,276,484</u>
TELE CELULAR SUL PARTICIPACOES	9,660	209,501			
TELE CENTRO OESTE DELULAR	32,200	126,788			
TELE CENTRO SUL PARTICIPACOES	19,320	1,072,260	TOTAL FOREIGN SECURITIES		<u>3,148,322,530</u>
TELE DANMARK A/S SPON ADR	137,200	3,532,900			
TELE NORDESTE CELULAR	4,830	130,410	INVESTMENTS HELD BY BROKER – DEALERS UNDER SECURITY LOAN PROGRAM		<u>(391,021,764)</u>
TELE NORTE CELULAR	1,932	52,285			
TELE NORTE LESTE PARTICIPACOES	96,600	1,793,138	FOREIGN SECURITIES – NET OF SECURITY LOAN PROGRAM ACTIVITY		<u>\$ 2,757,300,766</u>
TELECOM ARGENTINA STET ADR	100,000	2,675,000			
TELECOM CORP NEW ZEALAND ADR	135,202	4,723,620			
TELECOM ITALIA SPA SPONSORED	103,370	10,873,232			
TELEFONICA S A	42,599	6,267,419			
TELEFONOS DE MEXICO SA ADR	226,400	18,295,932			
TELEMIG CELULAR PARTICIPACOES	4,830	118,939			
TELESP CELULAR PARTICIPACOES	38,640	1,033,620			
TELESP PARTICIPACOES S A	96,600	2,209,725			
TELESTE CELULAR PARTICIPACOES	1,932	57,477			
TESCO PLC SPONSORED ADR	889,980	6,924,934			
THOMSON CORP COM	199,000	6,011,881			
THOMSON CSF ADR PAR F FR20 ADR	23,800	827,050			
TI GROUP PLC SPONSORED ADR	20,350	274,399			
TNT POST GROEP NV SPONSORED	132,400	3,177,600			
TOKAI BK LTD JAPAN ADR	26,705	3,044,771			
TOKIO MARINE&FIRE INS LTD ADR	93,440	5,244,320			
TOPPAN PRTG LTD ADR	17,200	959,932			
TORAY INDS INC ADR	29,300	1,466,817			
TOTAL SA SPON ADR	128,596	8,286,405			
TOTO LTD ADR	13,860	1,070,685			
TOYOBO LTD ADR	31,600	477,950			
TOYOTA MTR CORP ADR 2	248,500	15,904,000			
UBS AG SPONSORED ADR	521,600	7,782,794			
UNIDANMARK A/S SPONSORED ADR	12,600	841,050			
UNILEVER N V NEW YORK SHS NEW	78,696	5,489,076			
UNILEVER PLC SPONSORED ADR NEW	194,754	7,254,587			
UNITED OVERSEAS BK LTD ADR	137,297	1,919,412			
UPM KYMMENE CORP SPONSORED ADR	105,800	3,326,088			
VALEO SPONSORED ADR	27,600	2,277,000			
VEBA AG SPONSORED ADR	98,700	5,847,975			
VIVENDI SPONSORED ADR	268,500	4,350,506			
VODAFONE GROUP PLC SPONS ADR	34,990	6,893,030			
VOLKSWAGEN A G SPONSORED ADR	210,500	2,716,713			
VOLVO AKTIEBOLAGET ADR B	180,400	5,299,250			

ARIZONA STATE RETIREMENT SYSTEM

MORTGAGES

Property Type	Rate	Principal	Market Value	Property Type	Rate	Principal	Market Value
Apartment	9.875%	\$ 838,058	\$ 900,634	Motel/Hotel	7.750%	3,201,366	3,180,115
Apartment	10.000%	233,493	248,535	Nursing Home	8.500%	2,596,031	2,681,344
Apartment	10.250%	118,773	130,553	Office	9.000%	1,024,153	1,024,153
Apartment	7.000%	2,162,513	2,154,892	Office	9.000%	1,089,205	1,110,860
Apartment	7.940%	2,349,747	2,393,778	Office	8.750%	1,472,053	1,476,082
Apartment	8.125%	7,247,573	7,431,950	Office	8.750%	666,800	675,149
Apartment	9.750%	50,013	*	Office	9.000%	387,166	392,048
Apartment	8.625%	3,512,684	3,693,832	Office	3.721%	8,063,122	6,756,756
Apartment	8.220%	8,125,167	8,533,279	Office	8.000%	1,302,662	1,405,392
Apartment	varies	74,345	79,816	Office	10.625%	1,350,550	1,374,834
Apartment	9.250%	59,598	70,065	Office	8.500%	374,677	381,853
Child Care Center	10.750%	1,064,360	1,117,014	Office	7.500%	5,729,416	5,400,000
Industrial	7.500%	1,097,484	1,069,223	Office	8.317%	10,722,944	11,158,299
Industrial/Office	8.750%	672,390	758,852	Office	7.750%	1,834,549	1,827,313
Industrial/Office	9.720%	805,954	704,000	Office	8.500%	5,769,999	5,967,192
Industrial/Office	9.000%	2,442,837	2,487,760	Office	8.125%	2,300,518	2,331,030
Industrial/Office	9.750%	752,746	853,586	Office	8.250%	1,681,224	1,751,071
Industrial/Office	9.250%	694,529	740,325	Office	7.375%	1,307,964	1,310,715
Industrial/Office	8.375%	4,630,593	4,809,727	Office	7.440%	1,621,490	1,571,684
Industrial/Office	8.030%	4,077,647	4,116,206	Office	7.350%	7,400,666	7,131,639
Industrial/Office	7.500%	667,899	653,058	Office	7.500%	1,088,257	1,083,211
Industrial/Office	7.250%	888,054	842,160	Office	7.625%	993,491	994,856
Industrial/Office	7.500%	1,948,431	1,949,585	Office	7.500%	1,290,969	1,254,060
Industrial/Office	7.250%	993,996	954,656	Office	7.250%	1,341,894	1,281,135
Industrial/Office	7.375%	1,648,081	1,592,222	Restaurant	9.500%	297,839	319,649
Industrial/Office	7.375%	1,722,994	1,664,596	Restaurant	9.625%	52,649	53,462
Industrial/Office	7.375%	15,000,000	14,802,364	Restaurant	10.750%	157,761	176,853
Industrial/Office	7.500%	1,050,000	1,015,679	Retail	9.500%	134,769	138,177
Industrial/Whs	8.500%	1,872,870	1,959,282	Retail	9.750%	134,906	141,012
Industrial/Whs	8.500%	1,783,686	1,865,983	Retail	9.875%	66,213	71,161
Industrial/Whs	7.400%	1,065,807	1,036,172	Retail	9.750%	60,275	64,814
Industrial/Whs	7.375%	1,677,572	1,800,476	Retail	11.000%	477,874	533,229
Medical/Dental	9.500%	95,389	99,930	Retail	8.000%	1,157,395	1,150,226
Medical/Dental	9.625%	152,638	159,788	Retail	8.100%	4,985,618	5,137,113
Medical/Dental	9.500%	60,448	65,733	Retail	8.500%	2,616,607	2,749,910
Medical/Dental	9.625%	674,477	715,499	Retail	8.250%	1,515,816	1,554,343
Medical/Dental	10.875%	2,031,040	2,056,757	Retail	8.625%	2,052,674	2,148,798
Medical/Dental	10.375%	1,381,866	1,538,038	Retail	7.500%	7,080,310	7,048,893
Medical/Dental	7.250%	2,600,000	2,564,191	Retail	7.250%	1,970,561	1,898,665
Mobil Home Park	8.875%	6,217,691	6,363,500	Retail	7.440%	1,238,238	1,205,928
Mobil Home Park	8.000%	3,813,373	3,792,716	Retail	7.500%	4,106,014	4,019,660
Mobil Home Park	8.500%	2,506,465	2,570,639	Retail	7.375%	4,788,801	4,627,736
Mobil Home Park	7.000%	4,971,037	4,668,355	Retail	7.000%	1,996,161	1,893,187
Mobil Home Park	7.000%	2,535,229	2,380,861	Retirement Center	10.375%	7,638,457	7,564,595
Motel/Hotel	10.750%	645,498	719,627	Retirement Center	9.250%	<u>3,802,150</u>	<u>4,050,621</u>
Motel/Hotel	8.000%	4,148,478	4,195,486				
Motel/Hotel	7.900%	1,086,256	1,058,155	TOTAL MORTGAGES		<u>\$ 215,192,033</u>	<u>\$ 215,448,358</u>

* Legal proceedings taken against borrower. Future collection of principal unlikely.

ARIZONA STATE RETIREMENT SYSTEM

REAL ESTATE

Property Type	Principal	Market Value
Office Building 10211-25 W. Thunderbird Sun City	\$ 1,400,000	\$ 960,000
Motor Hotel 701 W. 3rd Street Winslow	<u>248,012</u>	<u>192,000</u>
TOTAL REAL ESTATE	<u>\$ 1,648,012</u>	<u>\$ 1,152,000</u>

REAL ESTATE INVESTMENTS

Norwest Tower 330 N. Central Phoenix	\$ 21,539,452	\$ 37,925,000
Broadway Property 7650-70 E. Broadway Tucson	<u>2,800,000</u>	<u>2,750,000</u>
TOTAL REAL ESTATE INVESTMENTS	<u>\$ 24,339,452</u>	<u>\$ 40,675,000</u>

ARIZONA STATE RETIREMENT SYSTEM

COMPREHENSIVE ANNUAL FINANCIAL REPORT INDEX – ACTUARIAL SECTION

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November 20, 1999

ARIZONA STATE RETIREMENT PLAN

Actuarial Certification Statement

This is to certify that Watson Wyatt Worldwide has prepared an actuarial valuation of the Arizona State Retirement Plan as of June 30, 1998.

Actuarial calculations have been made with respect to a total of 284,701 members, comprised of 170,864 active employees, 58,857 inactive members, and 51,323 retired members (including 3,063 disabled retirees) and 3657 beneficiaries. In addition, there are 1033 ASRS retirees receiving ad hoc benefits from Plan assets.

The actuarial calculations establish a total benefit cost of 4.34 percent of the annual compensation of employees. The total normal cost rate is 10.47 percent of compensation, and the required amortization payment determined in accordance with Section 38-737 is (6.13) percent of compensation.

The actuarial cost factors as of June 30, 1998 are as follows:

Actuarial accrued liabilities:

Liabilities due to members' benefits:

Active members:

Retirement benefits	\$ 6,089,546,923
Health insurance premium supplement	463,622,109
Disability deferred retirement benefits	120,218,282
Pre-retirement death benefits	183,995,487
Withdrawal benefits	<u>218,320,588</u>
Total active members	7,075,703,389

Inactive members	327,550,887
Retired members and beneficiaries	5,403,523,500
Disabled members (deferred retirement)	117,394,700
Benefit increases for other-than-plan participants	<u>9,578,900</u>

Total present value of benefits	12,933,751,376
Reserve for "Excess Inv. Earnings" COLA	<u>704,605,130</u>

Total actuarial accrued liability	13,638,356,506
Actuarial value of assets	<u>16,168,476,386</u>

Unfunded actuarial accrued liability \$ (2,530,119,880)

Amortization of unfunded actuarial accrued liability	\$ (316,561,025)
Normal cost for the year	<u>540,458,020</u>

Total contribution for the year \$ 223,896,995

Total covered payroll (projected to 1998/1999 plan year) \$ 5,164,127,651

	401(a) Account	401(h) Account	Total
Total contribution for fiscal year 1999/2000 as a percentage of covered payroll:			
Employee portion	2.17 %		2.17 %
Employer portion	<u>1.25 %</u>	<u>0.92%</u>	<u>2.17 %</u>
Total	3.42 %	0.92 %	4.34 %

Arizona State Retirement Plan

Actuarial Valuation as of June 30, 1998

The assumptions applied in the actuarial valuation were adopted November 15, 1996, by Board action, to be effective for valuations on and after June 30, 1996. These assumptions are as follows:

1. Investment yield – 8 percent per annum.
2. Salary increases

Year of Service	Merit Component	Total Salary Increase*
1	5.00%	9.50%
2	4.00	8.50
3	2.50	7.00
4	1.80	6.30
5	1.40	5.90
6	1.25	5.75
7	1.00	5.50
8	0.80	5.30
9	0.75	5.25
10	0.50	5.00
11 to 19	0.25	4.75
20 or more	0.00	4.50

3. Rates of disability

Age	Males	Females
22	0.08%	0.10%
32	0.11	0.16
42	0.20	0.31
52	0.66	0.72
62	1.67	1.25

4. Rates of withdrawal – Sample ages and years of service

Age	Male Members Years of Service				
	1	2	5	8	10+
22	33.24%	25.31%	12.68%	6.60%	11.04%
32	18.87	14.03	8.76	4.80	4.67
42	16.93	9.82	6.24	3.80	2.01
52	16.18	8.54	4.43	3.10	1.38
62	19.05	10.18	3.73	2.50	1.10

Age	Female Members Years of Service				
	1	2	5	8	10+
22	26.86%	23.58%	18.08%	12.31%	18.04%
32	18.51	15.39	9.69	7.30	6.47
42	16.44	11.05	6.20	4.14	2.08
52	14.31	9.09	5.05	2.68	1.52
62	14.57	9.71	4.65	2.41	0.83

5. Rates of retirement – Sample ages and years of service

Age	Years of Service				
	10-14	20	25	30	35+
50	5.00%	5.00%	5.00%	10.00%	12.50%
55	5.00	6.00	16.25	18.75	12.50
60	9.00	26.25	25.00	30.00	30.00
62	34.00	42.00	44.00	50.00	50.00
65	55.00	55.00	60.00	60.00	60.00
66 and above	55.00	60.00	60.00	60.00	60.00

6. Mortality rates – 1983 Group Annuity Mortality Table (with margins, set back one year for males and with no setback for females).

7. Mortality rates after disability – Post disablement mortality rates are based on experience of other large public sector systems, grading into post-retirement mortality rates at age 83.

8. Valuation assets – Market value less five-year phase-in of Excess (Shortfall) Investment income.

9. Funding method – Projected unit-credit.

* The actuarial calculations have been performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the Retirement Plan and on the actuarial assumptions adopted by the Retirement Board.

W. Michael Carter, FSA, MAAA, EA, Actuary

November 20, 1999

Retirement Board
Arizona State Retirement System
3300 North Central Avenue
14th Floor
Phoenix, Arizona 85012

Dear Retirement Board Members:

Actuarial Valuation as of June 30, 1998

We certify that the information contained in the 1998 actuarial valuation report is accurate and fairly presents the actual position of the Arizona State Retirement Plan (the Plan) as of June 30, 1998.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented comply with the requirements of the Arizona statutes and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned is an independent actuary. He is an Enrolled Actuary and a Member of the American Academy of Actuaries, and is experienced in performing valuations for large public retirement systems.

Actuarial Valuations

The primary purpose of the valuation report is to determine the required employee and employer contribution rates applicable to the 1999/2000 and the 2000/2001 plan years, to describe the current financial condition of the Plan, and to analyze changes in the Plan's condition. In addition, the report provides information required by ASRS in connection with Governmental Accounting Standards Board Statement No. 25 (GASB No. 25), and it provides various summaries of the data.

Valuations are prepared annually, as of June 30th of each year, the last day of the Plan's year and ASRS' fiscal year.

Financing Objectives

The member contribution rate and the employer contribution rate are calculated by the actuarial valuation. The calculated rates are applicable for the two plan years beginning July 1 of the calendar year that begins after the valuation date of even numbered years. The state and employer contributions, when combined with the contributions made by members, are intended to provide for the normal cost and to amortize the Unfunded Actuarial Accrued Liability (UAAL) over 13 years from June 30, 1998.

Progress Toward Realization of Financing Objectives

Based on this actuarial valuation as of June 30, 1998, the matching employee and employer contribution rates for the fiscal years 1999/2000 and 2000/2001 should be 2.17 percent of compensation. This rate does not include the contribution to the LTD program. This rate will provide for the normal cost and will amortize the UAAL over the required 13 years from June 30, 1998. Employees and employers contributed the recommended rate for the 1998/1999 fiscal year and are contributing the recommended rate for the 1998/1999 fiscal year. It is expected that they will continue to contribute the recommended rate calculated by this valuation. Therefore, all financing objectives are being realized.

Section 38-737 specifies that the unfunded actuarial accrued liability is amortized over a rolling 30-year period. This change is being phased-in over the next 15 years.

Trend Data Schedules

The information provided in the trend data schedules of the actuarial valuation report were prepared by Watson Wyatt. ASRS uses these schedules along with other information to prepare the trend data schedules contained in the comprehensive annual financial report (CAFR).

Benefit Provisions

The 1998 Legislature enacted a few technical and compliance changes to the ASRS statutes. The changes had no impact on the funding of ASRS.

See Table 18 of this report for more details on the benefit provisions.

Assumptions and Methods

The actuarial assumptions were adopted on November 15, 1996 by the Board, to be effective as of June 30, 1996, as recommended by the actuary. Further detail on the assumptions and methods may be found in Table 19 of this report and in the Experience Study report dated November 15, 1996. The assumptions are internally consistent and are reasonably based on the actual experience of the Plan. These assumptions are in full compliance with all parameters established by GASB No. 25.

Data

Member data for retired, active and inactive participants was supplied as of June 30, 1998, by the ASRS staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information was supplied by the ASRS staff.

We look forward to discussing this report with you at your convenience.

Sincerely,

W. Michael Carter, F.S.A., M.A.A.A., E.A.
Actuary

ARIZONA STATE RETIREMENT PLAN

GENERAL ACTUARIAL INFORMATION

The following charts will serve to indicate some of the more important statistics regarding the retirement program; each chart will identify each membership category separately where possible. All figures are as of July 1, 1998.

Non-Retired Members	State Employees	Teachers	Political Subdivision Employees	Total
Number of members (active)	42,069	54,655	74,140	170,864
Average age	43.6	43.4	43.0	43.3
Average years of service	8.0	10.5	6.8	8.3
Average annual salary	\$29,027	\$33,995	\$24,050	\$28,457

Retired Members – Plan	State Employees	Teachers	Political Subdivision Employees	Total
Number of retirees	14,130	17,416	20,371	51,917
Average age	70.1	69.5	71.4	70.4
Average monthly benefit	\$893	\$1,359	\$739	\$982
Average years of service	16.3	22.2	15.2	17.9

Retired Members – System	State Employees	Teachers	Political Subdivision Employees	Total
Number of retirees	651	555	460	1,666
Average age	73.6	76.6	77.8	75.8
Average monthly benefit	\$1,331	\$462	\$373	\$777
Average years of service	13.9	10.5	10.0	11.5

Of all plan and system retirees at July 1, 1998 2.46 percent received annuities of less than \$100 per month; 7.37 percent received from \$100 to \$199 per month; 9.22 percent received from \$200 to \$299 per month; 7.99 percent received from \$300 to \$399 per month; 9.15 percent received from \$400 to \$499 per month; 6.99 percent received from \$500 to \$599 per month; 6.50 percent received from \$600 to \$699 per month; 15.34 percent received from \$700 to \$999 per month; 34.97 percent received \$1,000 or more per month.

Of all retirees, 46.67 percent are under age 65; 19.97 percent are age 65-69; 16.02 percent are age 70-74; 9.93 percent are age 75-79; 7.41 percent are age 80 or older.

One of the most critical factors bearing on retirement costs is that of changes in the average salary level of active participants. The following chart will show, for five fiscal years (fiscal year ending 1997/98), the average salary level for state employees, for teachers, and for political subdivision employees other than teachers, and the average for all groups combined.

	Year Ending June 30,				
	1993-94	1994-95	1995-96	1996-97	1997-98
State employees	\$ 23,437	\$ 26,454	\$ 26,909	\$ 27,463	\$ 29,027
Teachers	30,557	31,982	32,458	33,136	33,995
Political subdivision employees	21,548	22,813	23,685	23,699	24,050
All groups	\$ 24,990	\$ 26,746	\$ 27,368	\$ 27,695	\$ 28,457

ARIZONA STATE RETIREMENT PLAN

FINANCING OBJECTIVE

The financing objective of the Arizona State Retirement Plan is to maintain a funding ratio of 100 percent, as measured by the ratio of Retirement Plan actuarial assets to actuarial liabilities. As of June 30, 1998, the date of the most recent actuarial valuation, this funding level is 118.6 percent. The actuarial surplus, that is the difference between actuarial assets and liabilities, was \$2,530.1.

A statutory change effective in 1998 requires that an actuarial valuation be performed only following even-numbered years, rather than annually. This biannual valuation recommends contribution rates for a two-year period. The next actuarial valuation will be performed following the fiscal year ended June 30, 2000. The contribution rates recommended in the valuation for the fiscal year ended June 30, 1998 will remain in effect through the fiscal year that ends June 30, 2001. These rates are described below.

Normal Costs and Required Contribution Rates

The Plan's normal cost for FY 2000 and 2001 is 10.47 percent. The normal cost represents the present value cost, expressed as a percentage of pay, of the current level of benefits provided by the Plan. The Plan has a negative unfunded actuarial accrued liability (an actuarial surplus), which is treated as a credit on the Plan's required contribution rate. Because of the actuarial surplus, the required contribution rate is lower than the normal cost. If the actuarial value of assets and liabilities was equal, the required contribution rate would be the same as the normal cost. Because assets exceed liabilities, the required contribution rate is lower than the normal cost.

Pursuant to Arizona statute, the ASRS consulting actuary recommends a contribution rate that will result in a funding level of 100 percent at the end of the actuarial funding period. The required contribution rate (including long-term disability (LTD)) for FY 2000 and 2001 is 2.66 percent of pay (2.17 percent pension and health insurance, 0.49 percent LTD). Both employee and employer members contribute this rate.

Components of the normal cost are as follows:

Retirement benefits	8.76 %
Health insurance premium supplement	0.47
Survivor benefits	0.29
Withdrawals	0.66
Long-term disability benefit	<u>0.29</u>
Total, normal cost	10.47
Amortization of the UAAL	<u>(6.13)</u>
Required contribution rate for FY 2000/1999	4.34 %
Shared by employee and employer	<u>÷ 2</u>
Required matching contribution rate	<u>2.17 %</u>

Asset Valuation

The methodology used by the ASRS consulting actuary to value assets phases in gains and losses over a five-year period. This results in a "smoothing" effect, minimizing year-to-year volatility in the contribution rate. By deferring some investment gains, the asset valuation methodology also results in some unrealized investment gains.

As of June 30, 1998, the actuarial value of assets was \$16.17 billion, and the market value was \$19.39 billion. The difference of \$3.22 billion between the actuarial and market values represents net investment gains. These gains will be realized actuarially over subsequent years.

Long-Term Disability Benefit

In addition to pension, health insurance, and survivor benefits, the ASRS also offers a long-term disability benefit. The financing objective of the long-term disability (LTD) program is to achieve a funding level of 100 percent by the end of 2010.

Effective October 1, 1995, to comply with Internal Revenue Code requirements, liabilities associated with the long-term disability benefit were separated from the Plan. Because no assets were transferred to the new LTD fund, the required contribution rate contains two components: 1) to fund current liabilities, and 2) to amortize the liabilities transferred from the Plan in 1995.

The LTD contribution rate for fiscal year 2000 is 0.98 percent, shared equally by employees and employers. Of this amount, 0.66 percent funds current liabilities, and 0.32 percent amortizes the liabilities transferred from the Plan in 1995. The program's liabilities are scheduled to be amortized each twelve-month period through fiscal year 2010.

As of June 30, 1999, LTD assets were \$ 69.3 million, an increase of \$13.7 million from \$55.6 million in the previous year.

ARIZONA STATE RETIREMENT PLAN

SUMMARY OF THE BENEFIT PROVISIONS OF THE RETIREMENT PLAN – TABLE 18 ACTUARIAL VALUATION, JUNE 30, 1998

The Arizona State Retirement Plan makes provision for the retirement, disability, and death and survivor benefits to all employees of the State, instrumentalities of the State and certain political subdivisions. The major provisions of the Plan may be summarized as follows:

A. RETIREMENT BENEFITS

1. *Normal Retirement Date (the earliest of the following)*

- (a) an employee's 65th birthday,
- (b) an employee's 62nd birthday and completion of at least 10 years of credited service, or
- (c) the first day that the sum of an employee's age and his years of total credited service equals 80.

2. *Monthly Life Annuity*

The product of 2 percent of the participant's best 36-month average compensation (in last 120 months) multiplied by his or her years of total credited service.

3. *Normal Retirement Benefits*

The sum of the monthly life annuity and any prior service benefits to which the employee was entitled under the ASRS.

4. *Early Retirement*

Age 50 with 5 or more years of credited service.

5. *Early Retirement Benefits*

If not eligible for normal retirement and at least age 50 with 5 years of total credited service, normal retirement benefit earned to the date of retirement, reduced according to the following table:

		AGE AT DATE OF RETIREMENT															
YEARS OF SERVICE		50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
5 – 10		35%	40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	88%	91%	94%	97%	100%
10 – 25		44%	49%	54%	59%	64%	69%	74%	79%	84%	89%	94%	97%	100%	100%	100%	100%
25 OR MORE		50%	55%	91%	94%	97%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Provided, however, that if the employee meets the Rule of 77 (but not the Rule of 80), the reduction will be 3 percent for each unit below 80.

ARIZONA STATE RETIREMENT PLAN

TABLE 18 (CONTINUED)

6. *Normal Form of Benefit*

Straight life annuity payable monthly with benefits commencing on the day following the date of termination of employment.

7. *Optional Forms*

- Joint and contingent annuity (with Pop-up) with either 100 percent, 66-2/3 percent or 50 percent of the reduced retirement income payable for the life of the contingent annuitant upon the death of the retiring participant,
- Period certain and life annuity with either five or ten years of payments guaranteed, or
- A social security leveling option combined with any of the other forms of payment.

8. *Minimum Benefit*

The minimum monthly benefit payable to a retired member who is at least age 75 and who has 20 or more years of service is \$600.

B. **DISABILITY BENEFITS (for disability after June 30, 1988)**

1. *Long-Term Disability*

Monthly benefit equal to two-thirds of monthly compensation, reduced by any social security disability or workers' compensation benefits, payable commencing six months after date of disability until the earlier of:

- Date of cessation of total disability, or
- Normal retirement date.

This benefit is paid by a separate LTD plan.

2. *Disability Payments if Participant Remains Disabled Through Normal Retirement Date*

Monthly benefit participant would have received if service had continued to normal retirement date assuming the participant's salary remained at the level it was at his or her date of disability, also provided that the amount of total credited service is limited to 25 years unless he or she had more than 25 years at date of disability.

3. *The minimum monthly benefit payable to a disabled participant is \$50.00.*

C. **DISABILITY BENEFITS (for disability before July 1, 1988)**

1. *Eligibility*

Age 50 with 5 years of service.

ARIZONA STATE RETIREMENT PLAN

TABLE 18 (CONTINUED)

2. *Benefit Amount*

A life annuity which can be provided by the employee's contribution account. Disability payments after normal or early retirement eligibility are reduced by the actuarial value of the disability payments made up to the date of normal or early retirement eligibility.

D. PRE-RETIREMENT DEATH BENEFITS

1. *Eligibility*

Applicable if death occurs prior to retirement.

2. *Benefit*

Any one of the following, at the option of the beneficiary:

(a) A lump sum equal to the sum of (i) and (ii):

(i) two times participant's contributions to the plan, with interest, and

(ii) the amount of the participant's employee and employer accounts, along with supplemental credits, if any, transferred from the ASRS to the Plan, with interest

(b) If (a) is greater than \$5,000, the beneficiary may elect to receive a monthly income for five or ten years certain and life thereafter which is actuarially equivalent to the amount in (a).

3. *Death of an Active Participant After 15 Years of Credited Service or After Eligibility for Early Retirement*

Beneficiary receives a benefit in the form of a survivor annuity equal to the benefit that would have been payable to the beneficiary if the participant had retired on the date of his or her death and elected to receive an annuity payable in the form of joint and 100 percent survivor with the beneficiary named as the joint pensioner.

E. VESTING OF BENEFITS

1. *Vesting*: -A participant is fully vested in his or her accrued benefit.

2. *Benefits upon Vesting* – A fully vested participant is entitled to either:

(a) return of contributions with interest, or

(b) the retirement benefit payable at normal retirement earned to the date of participant's termination.

ARIZONA STATE RETIREMENT PLAN

TABLE 18 (CONTINUED)

F. RETIREE HEALTH INSURANCE PREMIUM SUPPLEMENT

1. *Eligibility*

Retirement or disability after 5 years of credited service and covered by an employer-sponsored group insurance program for which the retired or disabled member must pay part of the cost.

2. *Benefit*

The benefit is payable only with respect to allowable health insurance premiums for which the participant is responsible. The maximum benefits for participants with 10 or more years of service are:

(a) with respect to premiums paid for the retiree's own coverage:

- \$95 per month if the retiree is under age 65
- \$65 per month if the retiree is 65 or over

(b) with respect to premiums paid for the retiree's dependent coverage:

- \$80 per month if the dependent is under age 65
- \$50 per month if the dependent is 65 or over

For employees with five to nine years of service the benefits are the same dollar amounts as above multiplied by a vesting fraction equal to 10 percent for each completed year of service (i.e., 50 percent to 90 percent).

Any unused supplement of the member or dependent may be used to pay the premiums of the other recipient.

G. AUTOMATIC COST OF LIVING ADJUSTMENT BASED ON EXCESS INVESTMENT EARNINGS

Retirees at least age 55 who have been retired one year and LTD members are eligible for a COLA equal to the increase in the CPI-U up to a maximum of 3 percent. The COLA is paid from a reserve of "Excess Investment Earnings." If there are no "Excess Investment Earnings" in reserve then no COLA is paid.

H. EMPLOYEE AND EMPLOYER CONTRIBUTIONS

The contribution rate for a plan year is based on the results of the actuarial valuation as of the last day of the plan year preceding the preceding plan year. Participants' contribution rate is equal to the required employer contribution rate. For the 1998/1999 plan year, the required contribution rate was 2.85 percent. For the 1999/2000 plan year, the required contribution rate is 2.17 percent.

ARIZONA STATE RETIREMENT PLAN

TABLE 18 (CONTINUED)

I. LEGISLATED PLAN CHANGES ENACTED BY THE 1989 LEGISLATURE OF THE STATE OF ARIZONA

1. *PUC Funding Method*

Beginning with the June 30, 1989 actuarial valuation, the total employee and employer contributions payable beginning July 1, 1990, shall be determined using the Projected Unit-Credit (PUC) funding method.

2. *\$12,000 Minimum Average Compensation for Current Retirees*

Recalculation of the retirement benefit for all plan members retired before June 30, 1989, who had 10 years of credited service using a minimum average compensation of one thousand dollars per month.

3. *2.0 percent Ad Hoc COLAs*

- Effective July 1, 1989, all members retired on or before June 30, 1988, shall receive a 2.0 percent permanent benefit increase to their December 31, 1988, base benefit.
- Effective July 1, 1990, all members retired on or before June 30, 1989, shall receive a 2.0 percent permanent benefit increase to their June 30, 1990, base benefit.

4. *Early Retirement Window*

During the period of May 15, 1989 through November 14, 1989, a member who is eligible for either Normal Retirement or Early Retirement with age plus credited service at least equal to 80, may retire and receive a benefit calculated using a 2.2 percent multiplier instead of 2.0 percent.

5. *3.0 percent Tax Equity Allowance*

Retroactive to the later of January 1, 1989, or the date payments commence, each member retiring on or before September 14, 1989, shall receive a tax equity benefit allowance consisting of a permanent increase of 3.0 percent in his or her January 1, 1989, base benefit.

J. LEGISLATED PLAN CHANGES ENACTED BY THE 1990 LEGISLATURE OF THE STATE OF ARIZONA

1. *Rule of 82*

Effective May 1, 1990, the number of points (sum of member's age and years of service) required to be eligible for normal retirement shall be reduced from 85 to 82. Also, the early retirement reduction factor for employees with 77 or more points but less than 82 points shall be 3 percent for each point or fraction thereof less than 82.

ARIZONA STATE RETIREMENT PLAN

TABLE 18 (CONTINUED)

2. *3.0 percent Tax Equity Allowance*

Each member who retires between September 15, 1989, and September 14, 1990, shall receive a tax equity benefit allowance consisting of a permanent increase of 3.0 percent in his or her base benefit, retroactive to the date of retirement.

3. *Graded Vesting for Health Insurance Premium Supplement*

The Health Insurance Premium Supplement is extended to those qualifying members with between five and nine years of service. The member will be eligible to receive 10 percent of the benefit for each completed year of service (i.e., 50 percent to 90 percent).

K. LEGISLATED PLAN CHANGES ENACTED BY THE 1991 LEGISLATION OF THE STATE OF ARIZONA

1. *3.0 percent Tax Equity Allowance*

Each member who retires between September 15, 1990, and September 14, 1991, shall receive a tax equity benefit allowance consisting of a permanent increase of 3.0 percent in his or her base benefit, retroactive to the date of retirement.

2. *Recalculation of Retiree Benefits Using 2.0 percent Benefit Multiplier*

Each retired member with at least 10 years of service who retired prior to June 30, 1985, shall have his or her benefit recomputed. The recomputed benefit shall be equal to 2 percent times final average earnings times credited service plus an additional \$2 for each year of service. The retired member will receive the larger of the recalculated benefit or his/her current benefit. This increase is effective October 1, 1991.

3. *2.3 percent Ad Hoc Increase*

Effective July 1, 1991, all members retired on or before June 30, 1990, shall receive a 2.3 percent permanent benefit increase in their June 30, 1991, base benefit.

4. *Rule of 80*

Effective July 1, 1992, the number of points (sum of member's age and years of service) required to be eligible for normal retirement shall be reduced from 82 to 80. (For continuation purposes this legislation is not reflected until the 1993/94 fiscal year).

5. *Pop-up Option*

A pop-up option is added for retiring members who first participate in the Plan on or after December 31, 1991.

ARIZONA STATE RETIREMENT PLAN

TABLE 18 (CONTINUED)

L. LEGISLATED PLAN CHANGES ENACTED BY THE 1992 LEGISLATURE OF THE STATE OF ARIZONA

1. *3.0 percent Tax Equity Allowance*

Each member who retired between September 15, 1991 and September 14, 1992, shall receive a tax equity benefit allowance consisting of a permanent increase of 3.0 percent in his or her base benefit, retroactive to the date of retirement.

2. *Minimum Retiree Benefit*

Each retiree of the Arizona State Retirement Plan who is at least age 75 on December 31, 1992, and who had at least ten years of service upon retirement from the plan shall be eligible for a minimum benefit. If the eligible retiree had at least ten years of service but less than fifteen years, his minimum benefit is \$350 a month. If the eligible retiree had at least fifteen years of service but less than twenty, his minimum benefit is \$500. If the eligible retiree had at least twenty years of service his minimum benefit is \$600. The minimum benefit shall be compared to the retiree's current benefit (including all ad hoc increases).

3. *5 percent Ad Hoc Increase*

Effective November 1, 1992, all members retired on or before October 31, 1992, shall receive a 5 percent permanent benefit increase in their October 31, 1992 benefit.

4. *Forfeited Service Repurchase*

Any present active member who has previously forfeited service has until December 31, 1994, to repurchase the forfeited service by paying the plan the employee and employer contributions (accumulated with interest) which would have been contributed during the members period of forfeited service.

5. *Repurchase of Service Due to Reduction in Force*

Any present active member who was terminated prior to December 31, 1992 as a result of a required reduction in force may purchase the credited service for the following period of unemployment if the member had five or more years of service at the time of termination and resumed employment with a participating employer within two years of termination. The cost of the repurchase is the total of the employee and employer contribution (accumulated with interest) which would have been contributed during the members period of unemployment.

6. *Change in Section 38-781.05 Funding Method*

Section 38-781.05 of the plan was amended so that the funding period for the plan would continue to be the period between the valuation and June 30, 2002 as long as the plan has a negative Unfunded Actuarial Accrued Liability. If the plan were to have a positive UAAL, then the old funding mechanism would apply.

ARIZONA STATE RETIREMENT PLAN

TABLE 18 (CONTINUED)

M. LEGISLATED PLAN CHANGES ENACTED BY THE 1993 LEGISLATURE OF THE STATE OF ARIZONA

No benefit changes were passed by the 1993 Legislature. However, the Legislature passed legislation to reduce the required contribution rate of 4.09 percent down to 3.14 percent.

N. LEGISLATED PLAN CHANGES ENACTED BY THE 1994 LEGISLATURE OF THE STATE OF ARIZONA

1. *Minimum LTD Benefit*

Each member on long-term disability will receive a minimum monthly benefit of \$50.

2. *Minimum Retiree Benefit*

Each retiree of the Arizona State Retirement Plan who is at least age 75 and who had 20 or more years of service at retirement will receive a minimum monthly benefit of \$600.

3. *Pop-up Benefit*

Members who retired prior to January 1, 1992 and who elected a Joint and Survivor option shall receive a "Pop-up" in their retirement income if their beneficiary pre-deceases them.

4. *Excess Investment Earnings COLA*

Retirees at least age 55 who have been retired at least one year and members on long-term disability are eligible to receive a cost-of-living adjustment equal to one-half the increase in CPI for the prior calendar year. The COLA will be paid from a reserve of Excess Investment Earnings. If there are no Excess Investment Earnings in reserve, no COLA will be granted.

5. *Change in Section 38-737 Funding Period*

Section 38-737 was amended to change the funding period of the plan to a rolling 30-year period. The change is to be phased-in over the next nineteen years. If the Plan should cease to be overfunded, the funding period would immediately go to 30 years.

O. LEGISLATED PLAN CHANGES ENACTED BY THE 1995 LEGISLATURE OF THE STATE OF ARIZONA

1. *Change in Maximum Increase Provided by Excess Investment Earnings COLA*

The maximum COLA payable from Excess Investment Earnings was increased from 50 percent to 100 percent of the increase in the CPI.

ARIZONA STATE RETIREMENT PLAN

TABLE 18 (CONTINUED)

2. *Removal of LTD Benefit from the Plan*

The Legislature established a new LTD program and removed the LTD benefit from the plan. Liabilities for current LTD recipients were transferred to the new LTD program effective October 1, 1995.

3. *Creation of Separate Account for the Health Premium Supplement*

The Health Premium Supplement benefit is to be separated into a 401(h) account. The assets and liabilities associated with the Health Premium Supplement will be accounted for separately.

P. LEGISLATED PLAN CHANGES ENACTED BY THE 1996 LEGISLATURE OF THE STATE OF ARIZONA

1. *No material changes.*

Q. LEGISLATED PLAN CHANGES ENACTED BY THE 1997 LEGISLATURE OF THE STATE OF ARIZONA

1. *Creation of family Health Supplement* – Allows unused portion of the Health Supplement of a member or dependent to be used to pay the other recipients' health insurance premium.
2. The calculation methodology for the Excess Investment Earnings COLA was modified.
3. The contribution rate will be determined on a biennial cycle beginning with the 1999/2000 fiscal year.

R. LEGISLATED PLAN CHANGES ENACTED BY THE 1998 LEGISLATURE OF THE STATE OF ARIZONA

1. *No material changes.*

ARIZONA STATE RETIREMENT PLAN

TABLE A

SCHEDULE OF ACTIVE MEMBER VALUATION DATA LAST 10 YEARS

Valuation As of June 30	Contributing Active Members			% Increase in Average Pay
	Number	Annual Payroll	Annual** Average Pay	
1989	124,436	\$ 2,993,571,200	\$ 24,057	1.7
1990	129,701	3,211,682,400	24,762	2.9
1991	134,751	3,452,982,100	25,625	3.5
1992	139,633	3,615,960,300	25,896	1.1
1993	144,477	3,748,182,900	25,943	0.2
1994	154,901	4,125,796,100	26,635	2.7
1995	155,444	4,432,113,900	28,513	7.1
1996	159,572	4,632,282,200	29,029	1.8
1997	164,390	4,836,336,900	29,420	1.3
1998	170,864	5,164,127,700	30,224	2.7

TABLE B

SCHEDULE OF RETIREES ADDED TO AND REMOVED FROM ROLLS LAST 10 YEARS

Year Ended June 30	Added to Rolls	Removed From Rolls	Rolls End of Year	Average Annual Allowances	% Increase in Annual Allowances
1989	3,469	638	33,477	\$7,053	12.4%
1990	2,671	738	35,410	7,647	8.4
1991	2,428	547	37,291	8,120	6.2
1992	2,387	376	39,302	8,353	2.9
1993	3,954	580	42,676	9,790	17.2
1994	2,280	645	44,311	10,244	4.6
1995	3,223	470	47,064	10,536	2.8
1996	3,583	573	50,074	10,694	1.5
1997	4,447	356	54,165	11,191	4.6
1998	4,048	1,537	56,676	11,780	5.3

* Chapter 310, Laws of 1989 provided temporary early retirement incentives.

** Annual average pay includes both Plan and System members. It is calculated by dividing annual payroll by the number of members.

ARIZONA STATE RETIREMENT SYSTEM

TABLE C

SCHEDULE OF UNFUNDED (OVER) ACCRUED LIABILITIES - PLAN LAST 10 YEARS

Year Ended 6/30	Aggregate Accrued Liabilities Plan	Actuarial Value of Net Plan Assets	Assets as a % of Accrued Liabilities Plan	Unfunded (over) Accrued Liabilities – Plan (UAL)	Active Member Payroll	UAL as a % of Active Member Payroll
1989	\$ 3,176,469,300	\$ 6,686,217,500	108%	\$ 509,748,200	3,035,446,000	(16.8)%
1990	6,744,975,400	7,296,578,000	108	(551,602,600)	3,221,728,000	(17.1)
1991	7,168,395,900	7,822,252,200	109	(653,856,300)	3,491,210,600	(18.7)
1992	8,209,797,700	8,841,715,700	108	(631,918,000)	3,674,258,800	(17.2)
1993	8,921,137,100	9,770,364,000	110	(849,226,900)	3,778,408,600	(22.5)
1994	9,668,031,500	10,540,457,100	109	(872,425,600)	3,973,369,600	(22.0)
1995	10,303,617,000	11,520,933,300	112	(1,217,316,300)	4,228,264,800	(28.8)
1996	11,110,688,400	12,578,870,100	113	(1,468,181,700)	4,465,496,000	(32.9)
1997	12,385,445,400	14,169,191,400	114	(1,783,746,000)	4,674,843,500	(38.2)
1998	13,638,356,506	16,168,476,400	119	(2,530,119,880)	4,968,476,529	(50.9)

TABLE D

RELATIONSHIP BETWEEN ACCRUED LIABILITIES AND ASSETS LAST 10 YEARS

Year Ended 6/30	Aggregate Accrued Liabilities for			Net Assets Available for Benefits	Portion of Accrued Liabilities Covered by Net Assets Available for Benefits		
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)
1989	\$ 1,637,307,600	\$ 2,300,943,900	\$ 2,238,217,800	\$ 6,686,217,500	100%	100%	122.8%
1990	1,649,418,700	2,567,352,200	2,528,204,500	7,296,578,000	100	100	121.8
1991	1,806,773,400	2,775,297,100	2,586,325,300	7,822,252,200	100	100	125.3
1992	1,973,747,000	3,260,573,300	2,975,477,400	8,841,715,700	100	100	121.2
1993	2,072,034,100	3,736,129,000	3,112,974,000	9,770,364,000	100	100	127.3
1994	2,265,838,800	3,929,200,100	3,472,992,600	10,540,457,100	100	100	125.1
1995	2,465,878,000	4,257,018,600	3,580,720,400	11,520,933,300	100	100	134.0
1996	2,422,775,000	4,740,637,300	3,947,275,600	12,578,870,100	100	100	137.2
1997	2,442,205,300	5,122,420,700	4,820,819,400	14,169,191,400	100	100	137.0
1998	2,571,206,900	5,530,497,100	5,536,652,506	16,168,476,400	100	100	145.7

ARIZONA STATE RETIREMENT SYSTEM

TABLE E

SCHEDULE OF RECOMMENDED VS. ACTUAL PLAN CONTRIBUTIONS LAST 10 YEARS

Year Ended 6/30	Covered Employee Payroll	Employee Contributions	Employer Contribution Rate – Actual	Actuary Recommended Contribution
1989	\$3,035,446,000	\$ 154,504,200	5.09%	5.09%
1990	3,221,728,000	64,434,600	2.00%	4.69%
1991	3,491,210,600	133,364,200	3.82%	3.82%
1992	3,674,258,800	132,273,300	3.60%	3.60%
1993	3,778,408,600	135,644,900	3.59%	3.59%
1994	3,973,369,600	124,763,800	3.14%	4.09%
1995	4,228,264,800	158,559,900	3.75%	3.75%
1996	4,465,496,000	171,921,600 *	3.85%	3.85%
1997	4,674,843,500	172,602,900 *	3.69%	3.69%
1998	4,968,476,529	175,884,068 *	3.54%	3.54%

* Excludes contributions of \$884,669, \$905,200 and \$926,800 for ASRS System members who contributed 7.49 percent during 1998, 1997 and 1996, respectively.

ARIZONA STATE RETIREMENT SYSTEM COMPREHENSIVE ANNUAL FINANCIAL REPORT

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ARIZONA STATE RETIREMENT SYSTEM

LIST OF EMPLOYERS PUBLIC SCHOOLS

Agua Fria UHS Dist. 216
Aguila Elem. Dist. 63
Ajo Unified Dist. 15
Alhambra Elem. Dist. 68
Alpine Elem. Dist. 7
Altar Valley Dist. 51
Amphitheater Unified Dist. 10
Antelope UHS Dist. 50
Apache Elem. Dist. 42
Apache Junction Unified Dist. 43
Arlington Elem. Dist. 47
Ash Creek Elem. Dist. 53
Ash Fork Unified Dist. 31
Avondale Elem. Dist. 44
Bagdad Unified Dist. 20
Balsz Elem. Dist. 31
Beaver Creek Elem. Dist. 26
Benson Elem. Dist. 9
Benson UHS Dist. 9
Bicentennial UHS Dist. 76
Bisbee Unified Dist. 2
Blue Elem. Dist. 22
Blue Ridge Unified Dist. 32
Bonita Elem. Dist. 16
Bouse Elem. Dist. 26
Bowie Unified Dist. 14
Buckeye Elem. Dist. 33
Buckeye UHS Dist. 201
Bullhead City Elem. Dist. 15
Camp Verde Unified Dist. 28
Canon Elem. Dist. 50
Cartwright Elem. Dist. 83
Casa Grande Elem. Dist. 4
Casa Grande UHS Dist. 82
Catalina Foothills Unified Dist. 16
Cave Creek Unified Dist. 93
Cedar Unified Dist. 25
Chandler Unified Dist. 80
Chevelon Butte Elem. Dist. 5
Chinle Unified Dist. 24
Chino Valley Unified Dist. 51
Chloride Elem. Dist. 11
Clarkdale-Jerome Elem. Dist. 3
Clifton Unified Dist. 3
Cochise Elem. Dist. 26
Colorado City Unified Dist. 14
Colorado River Union H.S. Dist. 2
Combs (J.O.) Elem. Dist. 44
Concho Elem. Dist. 6
Congress Elem. Dist. 17
Continental Elem. Dist. 39
Coolidge Unified Dist. 21
Cottonwood-Oak Creek Elem. Dist. 6
Crane Elem. Dist. 13
Creighton Elem. Dist. 14
Crown King Elem. Dist. 41
Deer Valley Unified Dist. 97
Double Adobe Elem. Dist. 45
Douglas Unified Dist. 27
Duncan Unified Dist. 2
Dysart Unified Dist. 89
Eagle Elem. Dist. 45
East Valley Technical Institute
Elfrida Elem. Dist. 12
Eloy Elem. Dist. 11
Fisher (Ruth) Elem. Dist. 90
Flagstaff Unified Dist. 1
Florence Unified Dist. 1
Flowing Wells Unified Dist. 8
Ft. Thomas Unified Dist. 7
Fountain Hills Unified Dist. 98
Fowler Elem. Dist. 45
Fredonia-Moccasin Unified Dist. 6
Gadsden Elem. Dist. 32
Ganado Unified Dist. 20
Gila Bend Unified Dist. 24
Gilbert Unified Dist. 41
Glendale Elem. Dist. 40
Glendale UHS Dist. 205
Globe Unified Dist. 1
Grand Canyon Unified Dist. 4
Hackberry Elem. Dist. 3
Hayden-Winkelman Unified Dist. 41
Heber Overgaard USD No. 6
Higley Elem. Dist. 60
Hillside Elem. Dist. 35
Holbrook Unified Dist. 3
Humboldt Unified Dist. 22
Hyder Elem. Dist. No. 16
Indian Oasis-Baboquivari 40
Isaac Elem. Dist. 5
Joseph City Unified Dist. 2
Kayenta Unified Dist. 27
Kingman Elem. Dist. 4
Kirkland Elem. Dist. 23
Klondyke School Dist. 09
Kyrene Elem. Dist. 28
Lake Havasu Unified Dist. 1
Laveen Elem. Dist. 59
Liberty Elem. Dist. 25
Litchfield Elem. Dist. 79
Littlefield Elem. Dist. 9
Littleton Elem. Dist. 65
Madison Elem. Dist. 38
Maine Cons. Elem. Dist. 10
Mammoth-San Manuel Unified Dist. 8
Marana Unified Dist. 6
Maricopa Unified Dist. 20
Mayer Unified Dist. 43
McNary Elem. Dist. 23
McNeal Elem. Dist. 55
Mesa Unified Dist. 4
Miami Unified Dist. 40

PUBLIC SCHOOLS (Continued)

Mingus UHS Dist. 4
Mobile Elem. Dist. 86
Mohave Educational Svcs Coop
Mohave UHS Dist. 30
Mohave Valley Elem. Dist. 16
Mohawk Valley Elem. Dist. 17
Morenci Unified Dist. 18
Morristown Elem. Dist. 75
Murphy Elem. Dist. 21
Naco Elem. Dist. 23
Nadaburg Elem. Dist. 81
Nogales Unified Dist. 1
Oracle Elem. Dist. 2
Osborn Elem. Dist. 8
Owens Whitney Elem. Dist. 6
Page Unified Dist. 8
Palo Verde Elem. Dist. 49
Paloma Elem. Dist. 94
Palominas Elem. Dist. 49
Paradise Valley Dist. 69
Parker Unified Dist. 27
Patagonia Elem. Dist. 6
Patagonia UHS Dist. 20
Payson Unified Dist. 10
Peach Springs Elem. Dist. 8
Peach Springs High School 7
Pearce Elem. Dist. 22
Pendergast Elem. Dist. 92
Peoria Unified Dist. 11
Phoenix Elem. Dist. 1
Phoenix UHS Dist. 210
Picacho Elem. Dist. 33
Pima Unified Dist. 6
Pine Elem. Dist. 12
Pinon Unified Dist. 4
Pomerene Elem. Dist. 64
Prescott Unified Dist. 1
Quartzsite Elem. Dist. 4
Queen Creek Unified Dist. 95
Ray Unified Dist. 3
Red Mesa Unified Dist. 27
Red Rock Elem. Dist. 5
Riverside Elem. Dist. 2
Roosevelt Elem. Dist. 66
Round Valley Unified Dist. 10
Sacaton Elem. Dist. 18
Safford Unified Dist. 1
Sahuarita Unified Dist. 30
St. David Unified Dist. 21
St. Johns Unified Dist. 1
Salome Cons. Elem. Dist. 30
San Carlos Unified Dist. 20
San Fernando Elem. Dist. 35
San Simon Unified Dist. 18
Sanders Unified Dist. 18
Santa Cruz Elem. Dist. 28
Santa Cruz Valley Dist. 35
Santa Cruz Valley UHS Dist. 840
Scottsdale Unified Dist. 48
Sedona – Oak Creek School Dist. 9
Seligman Unified Dist. 40
Sentinel Elem. Dist. 71
Show Low Unified Dist. 10
Sierra Vista Unified Dist. 68
Skull Valley Elem. Dist. 15
Snowflake Unified Dist. 5
Solomonville Elem. Dist. 5
Somerton Elem. Dist. 11
Sonoita Elem. Dist. 25
Stanfield Elem. Dist. 24
Sunnyside Unified Dist. 12
Superior Unified Dist. 15
Tanque Verde Unified Dist. 13
Tempe Elem. Dist. 3
Tempe UHS Dist. 213
Thatcher Unified Dist. 4
Tolleson Elem. Dist. 17
Tolleson UHS Dist. 214
Toltec Elem. Dist. 22
Tombstone Unified Dist. 1
Tonto Basin School Dist. 33
Topock Elem. Dist. 12
Tuba City Unified Dist. 15
Tucson Unified Dist. 1
Union Elem. Dist. 62
Vail Elem. Dist. 20
Valentine Elem. Dist. 22
Valley UHS Dist. 22
Vernon Elem. Dist. 9
Villa Oasis Inter School
Walnut Grove School District
Washington Elem. Dist. 6
Wellton Elem. Dist. 24
Wenden Elem. Dist. 19
Whiteriver Unified Dist. 20
Wickenburg Unified Dist. 9
Willcox Unified Dist. 13
Williams Unified Dist. 2
Williamson Valley Elem. Dist. 2
Wilson Elem. Dist. 7
Window Rock Unified Dist. 8
Winslow Unified Dist. 1
Yarnell Elem. Dist. 52
Young Elem. Dist. 5
Yuma County Accommodation School
Yucca Elem. Dist. 13
Yuma Elem. Dist. 1
Yuma UHS Dist. 70

CHARTER SCHOOLS

Accelerated Learning Center Laboratory
Acclaim Charter School
Academy of Excellence, Inc.
American Heritage Academy Chart. School
ATOP Academy College Preparatory
Arizona Career Academy
Arizona Montessori Charter School
Arizona School for the Arts
AZ Agribusiness & Equine Center Chart. Sch.
Ball Charter School
Basis Middle School
Baurau Charter School
Benjamin Franklin Charter School
Benjamin Franklin School, Ltd.
Career Development Inc.
Carmel Comm. Integrated Arts Chart. Sch.
Casey Country Day Charter School
Challenge School, Inc.
Charter Foundation, Inc.
Destiny Schools, Inc.
Discovery Academy of St. Johns
Discovery Plus Academy Charter School
Dragonflye Charter School
EAGLE Academy Charter School
Eagles Aerie Schools
Ecotech Agricultural Charter School
Edge EDE Charter School
EDU Preneurship Charter School
EDU-Prize Charter School
Enterprise Academy Charter School
Esperanza Montessori Academy
Excel Educations Centers Inc.
Excel Schools, Inc.
Entity Z Accounts
Flagstaff Jr. Academy Charter School
Franklin Phonetic Primary School
Future Development Corp.
Gan Yaladeem, the Looking Glass
Genesis Academy Charter School
Gila County Transition Charter School
G.R.A.D.E. Charter School
Ha:San Preparatory and Leadership School
Heritage Academy Inc.
Horizon Charter School
Humanities and Science Institute Inc.
International Commerce Institute Inc.
Kingman Academy of Learning
Lake Havasu Charter School
Lake Powell Academy Inc.
Laurent Clerc Elem. Charter School
Learning Institute
Mexicayotl Academy
Mingus Mountain Academy
Mingus Springs Charter School
New School for the Arts
New West Charter School
Noah Webster Basic School
Northland Preparatory Academy
PCAE-Edge
Phoenix School of Academic Excellence
Pimeria Alta Learning Center
Pine Forest Charter School
Presidio School
Renaissance Education Consort, Inc.
Salt River Pima-Maricopa Indian Chart. Sch
Scholars' Academy Charter School
Scottsdale Institute for the Arts
Sedona Charter School
Sequoia School LLC Charter School
Skyview Charter School
Sonoran Desert School
Sunway Management Charter School
Tolchi' Kooh Charter School Inc.
Triumphant Learning Center
Valley Academies Inc.
Ventana Academic School
Village Charter School
Westwind Academy
Young Scholars Academy Chart. Sch. Corp.

COLLEGES

Arizona Western College
Central Arizona College
Cochise College
Coconino County Community College
Eastern Arizona College
Maricopa County Comm.
Mohave Community College
Northland Pioneer College
Pima Community College
Yavapai College

CITIES AND TOWNS

City of Apache Junction
City of Avondale
City of Benson
City of Bisbee
City of Casa Grande
City of Chandler
City of Coolidge
City of Cottonwood
City of Douglas
City of El Mirage
City of Eloy
City of Flagstaff
City of Glendale
City of Globe
City of Goodyear
City of Holbrook
City of Kingman
City of Lake Havasu
City of Litchfield Park
City of Mesa
City of Nogales

City of Peoria
City of Prescott
City of Safford
City of San Luis
City of Scottsdale
City of Show Low
City of Sierra Vista
City of Somerton
City of So. Tucson
City of Surprise
City of Tempe
City of Tolleson
City of Tombstone
City of Willcox
City of Williams
City of Winslow
City of Yuma
Town of Buckeye
Town of Clifton
Town of Florence
Town of Fredonia

Town of Gila Bend
Town of Gilbert
Town of Guadalupe
Town of Hayden
Town of Kearny
Town of Miami
Town of Paradise Valley
Town of Parker
Town of Patagonia
Town of Pima

Town of Queen Creek
Town of Sahuarita
Town of Snowflake
Town of Springerville
Town of Superior
Town of Taylor
Town of Thatcher
Town of Wellton
Town of Wickenburg
Town of Youngtown

COUNTIES

Apache County
Cochise County
Coconino County
Gila County
Graham County

Greenlee County
Maricopa County
Mohave County
Navajo County
Pima County

Pinal County
Santa Cruz County
Yavapai County
Yuma County

SPECIAL

Apache Jct. Fire District
Arizona Association of Counties
Arizona City Sanitary District
Arizona Interscholastic Association
Black Canyon Water Improvement District
Bullhead City Fire District
Central Arizona Project
Central Heights Fire District
Christopher Kohls Fire District
City of Eloy Housing Authority
City of Yuma Housing Authority
Colorado River Sewage System
Drexel Heights Fire District
El Frida Fire District
Fire District of Sun City West
Flagstaff Housing Authority
Golder Ranch Fire District
Harquahala Valley Irrigation District
Kino Community Hospital
Maricopa Integrated Health System
Maricopa Water District

Metropolitan Domestic Water Improve. Dist.
New Magma Irrigation and Drainage District
Northwest Fire District
Picture Rock Fire District
Pima Home Health
Posada del sol Health
Puerco Valley Fire District
Queen Valley Domestic Water Impr. Dist.
Queen Valley Sanitary District
Roosevelt Irrigation District
San Carlos Irrigation & Drain
State of Arizona
Sun City Fire District
Superstition Mtn Community Facilities Dist
Tri-City Fire District
Tucson Airport Authority
Water Utilities Community District
Western Arizona Council of Governments
Williams Gateway Airport Authority
Yuma County Airport Authority
Yuma Mesa Irrigation District

ARIZONA STATE RETIREMENT SYSTEM

CONTRIBUTIONS RECEIVED

(in millions)



YEAR ENDED JUNE 30

MAXIMUM CONTRIBUTION RATES

In Percentage of Payroll

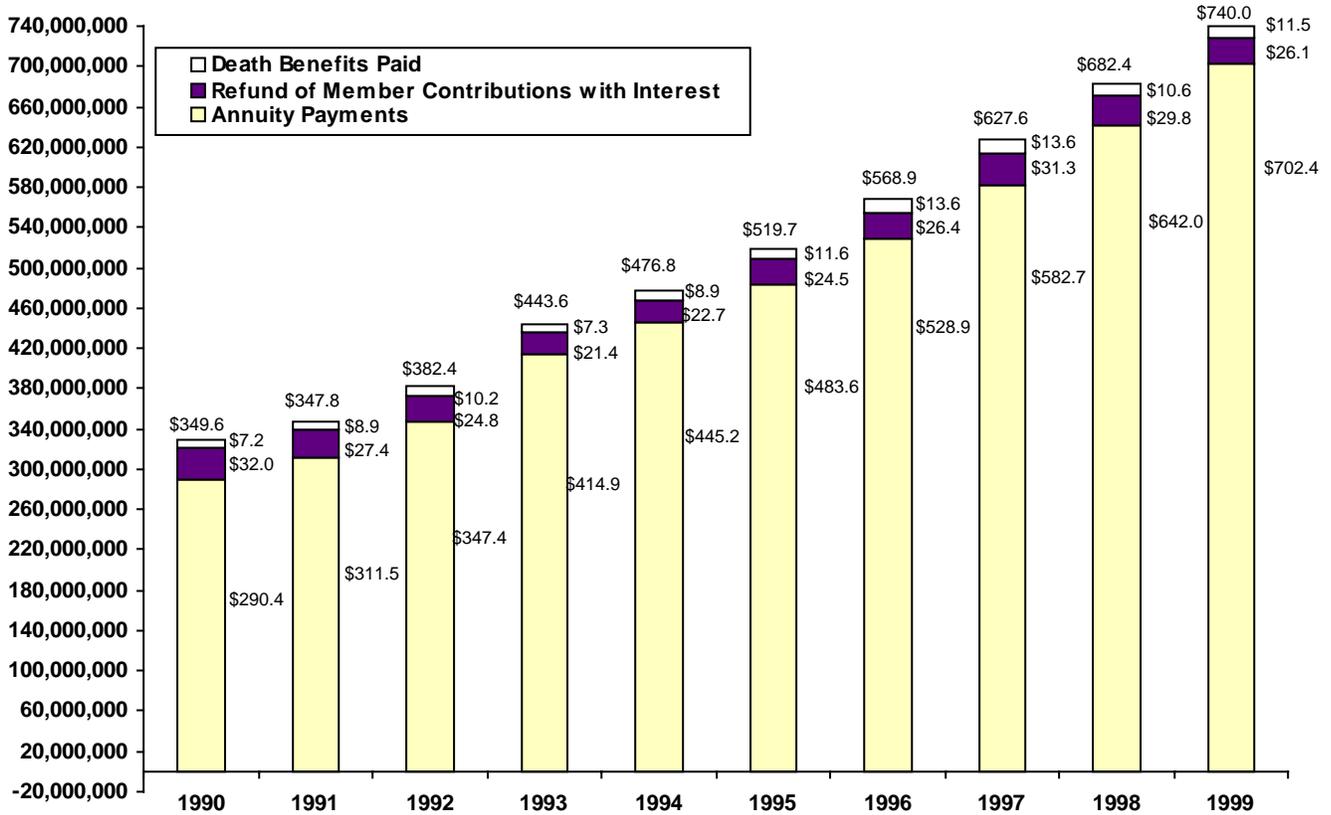
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996*</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Employer	2.00	3.82	3.60	3.59	3.14	3.75	3.85	3.69	3.54	3.34
Employee	2.00	3.82	3.60	3.59	3.14	3.75	3.85	3.69	3.54	3.34

* Effective January 1, 1996, ASRS members (defined contribution) and their employers, each pay a 7.49 percent contribution rate (includes 0.49 percent for long-term disability).

ARIZONA STATE RETIREMENT SYSTEM

TOTAL BENEFIT PAYMENTS

(in millions)



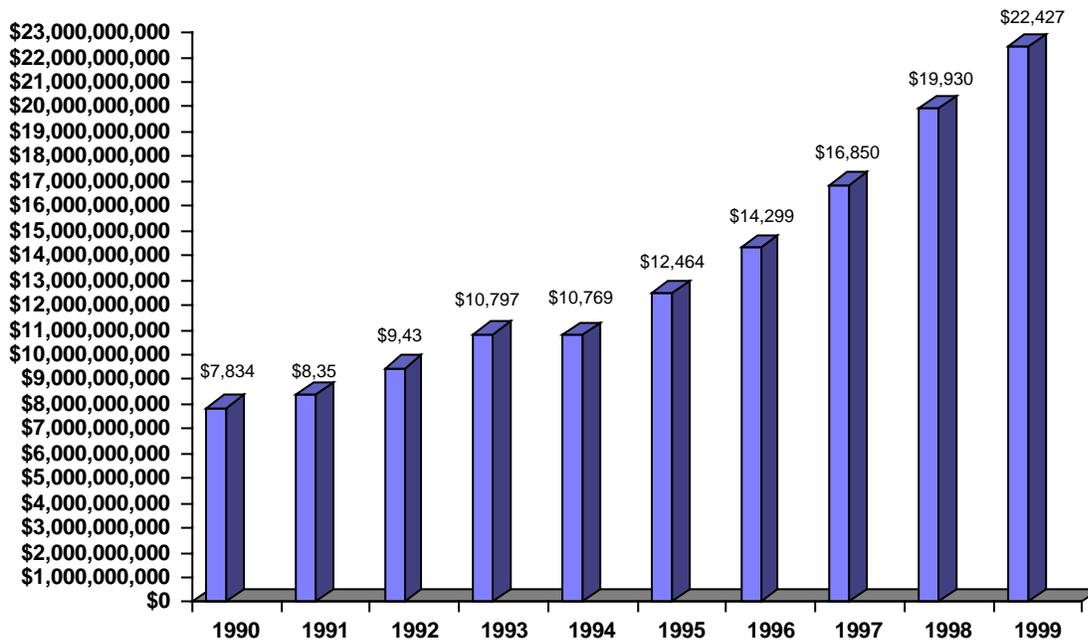
YEAR ENDED JUNE 30

Total benefit payments have increased from \$349.6 million in fiscal year 1990 to \$739.9 million in fiscal year 1999, an increase in excess of 112 percent over the nine-year period. While these total figures include annuity payments, death benefits and refunds to terminated members, the rate of growth in annuity payments has been extremely impressive, increasing in excess of 142 percent over the level for annuity payments nine years ago. This schedule does not include Social Security benefits.

ARIZONA STATE RETIREMENT SYSTEM

TOTAL RESERVES FOR BENEFITS*

(at market)
in millions



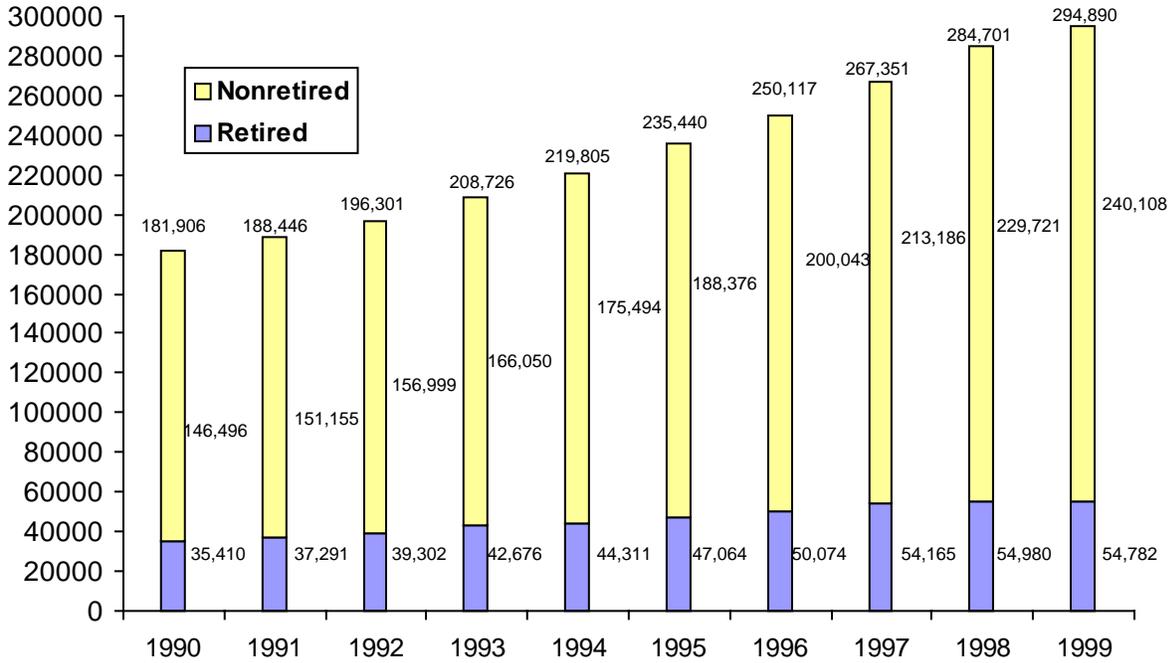
YEAR ENDED JUNE 30

The increase in total reserves for benefits, nearly 186 percent in the past nine years, reflects the actuarial strength of the Retirement System.

*Total Reserves for Benefits had been reported at cost in previous years.

ARIZONA STATE RETIREMENT SYSTEM

NONRETIRED & RETIRED MEMBERS



YEAR ENDED JUNE 30

The Arizona State Retirement System as it exists today has evolved from the consolidation of the original State Retirement System with the former Teachers' Retirement System in 1955. The category of retired members includes many survivors of former members, who have qualified for monthly benefit payments rather than for single death benefit payments.

ARIZONA STATE RETIREMENT SYSTEM

REVENUES BY SOURCE – TEN YEAR HISTORICAL DATA

Fiscal Year	Employer/ Employee Contribution Rate	Employer/ Employee Long-Term Disability Rate*	Employee Contributions as a Percent of Covered Payroll	Employer Contribution Amount	Employee Contribution Amount	Member Reimburse- ments and Other	Net Investment Income	Total Additions
1990	3.82 %	N/A	100.00 %	\$ 64,434,561	\$ 64,434,561	\$ 1,538,939	\$1,104,012,512	\$ 1,234,420,573
1991	3.60 %	N/A	100.00 %	133,364,246	133,364,246	788,617	797,492,654	1,065,009,763
1992	3.59 %	N/A	100.00 %	132,273,316	132,273,316	945,836	1,513,686,627	1,779,179,095
1993	3.14 %	N/A	76.80 %	135,644,868	135,644,868	6,870,755	2,037,437,881	2,315,593,372
1994	3.75 %	N/A	100.00 %	124,763,806	124,763,806	7,319,048	725,271,172	982,117,832
1995	3.36 %	0.49 %	85.10 %	158,559,931	158,559,931	9,429,152	2,409,804,569	2,736,353,583
1996***	3.20 %	0.49 %	100.00 %	172,848,417	172,848,417	4,376,224	2,063,877,940	2,413,950,998
1997	3.05 %	0.49 %	100.00 %	173,508,019	173,508,019	11,480,946	2,832,718,071	3,191,215,116
1998	2.85 %	0.49 %	100.00 %	176,768,738	176,768,737	15,461,646	3,405,203,114	3,774,202,235
1999	2.17 %	0.49 %	****	179,086,635	179,086,642	46,170,568	2,848,321,337	3,252,665,182

* The Long-Term Disability Program was established effective July 1, 1995. ASRS members who were receiving LTD benefits prior to July 1, 1995 were transferred to the program on October 1, 1995. Contribution rates began July 1, 1995 and are paid 50% from employer funds and 50% by active members.

** The 1995 Legislature passed legislation to separate the Health Premium Supplement into a separate account. This separation is effective at the benefit's inception June 20, 1989.

*** Effective January 1, 1996, System members (defined contribution) and their employers, each pay a 7.49% contribution rate (includes .49% for long-term disability).

**** This information is shown only for the years available in accordance with the parameters of GASB 25. Additional years will be added as data becomes available.

ARIZONA STATE RETIREMENT SYSTEM

EXPENSES BY TYPE – TEN YEAR HISTORICAL DATA

Fiscal Year	Benefit Payments	Refunds of Contributions	Investment Expenses	Administrative and Other	Total
1990	\$ 297,568,990	\$ 32,014,486	\$ 44,976,514	\$ 4,311,496	\$ 378,871,486
1991	320,349,203	27,410,639	43,207,264	6,516,477	397,483,583
1992	357,541,608	24,812,896	26,265,692	8,115,966	416,736,162
1993	422,183,217	21,444,985	29,599,274	6,210,761	479,438,237
1994	454,118,381	22,650,297	28,934,542	5,521,389	511,224,609
1995	495,150,932	24,516,184	32,403,873	5,970,049	558,041,038
1996	542,524,729	26,376,393	37,535,223	8,244,791	614,681,136
1997	596,308,127	31,282,457	45,248,028	12,307,628	685,146,240
1998	652,567,322	29,769,046	51,199,408	12,541,090	746,076,866
1999	713,870,779	26,108,152	65,886,652	15,352,673	\$ 821,218,256

BENEFIT EXPENSES BY TYPE – TEN YEAR HISTORICAL DATA

Fiscal Year	Retirement Benefits	Death Benefits	Refunds of Contributions	Total
1990	\$ 290,374,250	\$ 7,194,740	\$ 32,014,486	\$ 329,583,476
1991	311,478,056	8,871,147	27,410,639	347,759,842
1992	347,373,283	10,168,325	24,812,896	382,354,504
1993	414,878,522	7,304,695	21,444,985	443,628,202
1994	445,185,700	8,932,681	22,650,297	476,768,678
1995	483,573,463	11,577,469	24,516,184	519,667,116
1996	528,931,446	13,593,283	26,376,393	568,901,122
1997	582,725,397	13,582,730	31,282,457	627,590,584
1998	642,009,583	10,557,739	29,769,046	682,336,368
1999	702,386,261	11,484,518	26,108,152	739,978,931

SCHEDULE OF AVERAGE BENEFIT PAYMENTS FOR RETIREES UNDER THE PLAN*

	YEARS OF CREDITED SERVICE										TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45+	
Fiscal year 1989											
Average monthly benefit	\$ 131	\$ 195	\$ 334	\$ 511	\$ 713	\$ 1,087	\$ 1,423	\$ 1,302	\$ 907	\$ 757	
Number of retirees	504	5,426	6,993	6,188	5,030	3,810	2,237	774	355	79	31,396
AVERAGE CREDITED SERVICE											17.9
Fiscal year 1990											
Average monthly benefit	\$ 128	\$ 203	\$ 362	\$ 555	\$ 777	\$ 1,200	\$ 1,540	\$ 1,431	\$ 1,043	\$ 928	
Number of retirees	548	5,671	7,487	6,537	5,357	4,144	2,426	803	345	67	33,385
AVERAGE CREDITED SERVICE											17.9
Fiscal year 1991											
Average monthly benefit	\$ 128	\$ 208	\$ 372	\$ 577	\$ 817	\$ 1,259	\$ 1,610	\$ 1,476	\$ 1,086	\$ 966	
Number of retirees	587	5,932	7,851	6,747	5,624	4,438	2,558	790	322	57	34,906
AVERAGE CREDITED SERVICE											17.9
Fiscal year 1992											
Average monthly benefit	\$ 124	\$ 207	\$ 377	\$ 588	\$ 839	\$ 1,292	\$ 1,650	\$ 1,521	\$ 1,112	\$ 936	
Number of retirees	646	6,220	8,215	6,952	5,888	4,687	2,718	800	308	56	36,490
AVERAGE CREDITED SERVICE											17.9
Fiscal year 1993											
Average monthly benefit	\$ 125	\$ 223	\$ 427	\$ 671	\$ 979	\$ 1,482	\$ 1,862	\$ 1,747	\$ 1,254	\$ 1,066	
Number of retirees	718	6,597	8,742	7,443	6,640	5,379	3,004	827	291	43	39,684
AVERAGE CREDITED SERVICE											18.0
Fiscal year 1994											
Average monthly benefit	\$ 126	\$ 229	\$ 445	\$ 701	\$ 1,032	\$ 1,555	\$ 1,980	\$ 1,880	\$ 1,335	\$ 1,105	
Number of retirees	798	6,906	9,000	7,602	6,881	5,615	3,099	829	277	37	41,044
AVERAGE CREDITED SERVICE											17.9
Fiscal year 1995											
Average monthly benefit	\$ 125	\$ 232	\$ 454	\$ 717	\$ 1,069	\$ 1,598	\$ 2,034	\$ 2,004	\$ 1,399	\$ 1,135	
Number of retirees	855	7,345	9,444	7,965	7,274	6,065	3,287	853	260	30	43,378
AVERAGE CREDITED SERVICE											17.9
Fiscal year 1996											
Average monthly benefit	\$ 123	\$ 239	\$ 470	\$ 741	\$ 1,118	\$ 1,669	\$ 2,119	\$ 2,125	\$ 1,506	\$ 1,230	
Number of retirees	918	7,781	9,849	8,334	7,791	6,654	3,498	884	240	26	45,975
AVERAGE CREDITED SERVICE											17.9
Fiscal year 1997											
Average monthly benefit	\$ 123	\$ 244	\$ 481	\$ 759	\$ 1,151	\$ 1,719	\$ 2,172	\$ 2,197	\$ 1,613	\$ 1,270	
Number of retirees	1,034	8,446	10,611	8,967	8,421	7,296	3,756	947	240	25	49,743
AVERAGE CREDITED SERVICE											18.0
Fiscal year 1998											
Average monthly benefit	\$ 122	\$ 254	\$ 499	\$ 789	\$ 1,196	\$ 1,785	\$ 2,248	\$ 2,318	\$ 1,749	\$ 1,565	
Number of retirees	1,149	8,788	11,050	9,305	8,786	7,718	3,908	965	226	22	51,917
AVERAGE CREDITED SERVICE											18.0

*Statistics are not available for system retirees of the ASRS

ARIZONA STATE RETIREMENT SYSTEM

RETIREMENT BENEFIT OPTIONS

LIFE ANNUITY – REFUND PROVISION

Provides member monthly benefit for life. If death occurs before all contributions, plus interest have been paid, the remaining balance will be paid in a lump sum to the designated beneficiary.

LIFE ANNUITY – FIVE YEARS CERTAIN

Provides member monthly benefit for life. If death occurs before receiving 60 monthly payments, the remaining monthly payments (or balance of the 60 payments) will be paid to the designated beneficiary. Members under the age of 103 are eligible to choose this option.

LIFE ANNUITY – TEN YEARS CERTAIN

Provides member monthly benefit for life. If death occurs before receiving 120 monthly payments, the remaining monthly payments (or balance of the 120 monthly payments) will be paid to the designated beneficiary. Members under the age of 91 are eligible to choose this option.

LIFE ANNUITY – FIFTEEN YEARS CERTAIN

Provides member monthly benefit for life. If death occurs before receiving 180 monthly payments, the remaining monthly payments (or balance of the 180 monthly payments) will be paid to the designated beneficiary. Members under the age of 84 are eligible to choose this option.

JOINT ANNUITY – 100 percent TO CONTINGENT SURVIVOR

Provides member monthly benefit for life then also provides a life annuity equal to 100 percent of the member's monthly benefit for one designated beneficiary should the beneficiary survive the member. Members may choose this option (1) if the beneficiary is the member's spouse, or (2) if the beneficiary is not the spouse and the member is not more than 10 years older than the beneficiary.

JOINT ANNUITY – 66 2/3 percent TO CONTINGENT SURVIVOR

Provides member monthly benefit for life then also provides a life annuity equal to 66 2/3 percent of the member's monthly benefit for one designated beneficiary should the beneficiary survive the member. Members may choose this option (1) if the beneficiary is the member's spouse, or (2) if the beneficiary is not the spouse and the member is not more than 24 years older than the beneficiary.

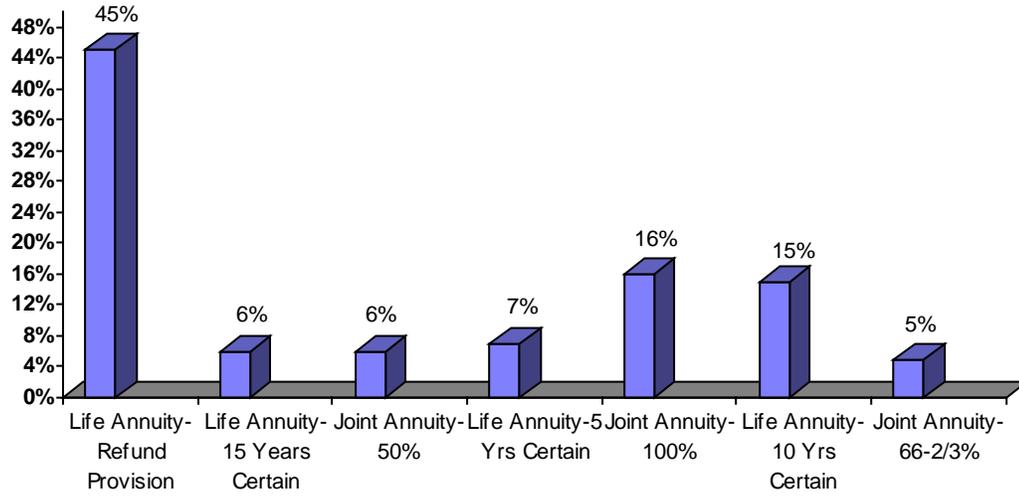
JOINT ANNUITY – 50 percent TO CONTINGENT SURVIVOR

Provides member monthly benefit for life then also provides a life annuity equal to 50 percent of the member's monthly benefit for one designated beneficiary should the beneficiary survive the member.

ARIZONA STATE RETIREMENT SYSTEM

GRAPH – RETIREMENT BENEFIT OPTIONS SELECTED

AS OF JUNE 30, 1998



ARIZONA STATE RETIREMENT SYSTEM

RETIRED MEMBERS BY TYPE OF BENEFITS

AS OF JUNE 30, 1998

Type of Benefits	Total Number	Plan	System*
Life annuity, with refund provision	23,872	23,118	754
Life annuity, 5-years certain	3,678	3,621	57
Life annuity, 10-years certain	8,113	7,828	285
Life annuity, 15-years certain	3,244	3,099	145
Joint survivorship:			
50% to contingent survivor	3,174	3,134	40
66-2/3% to contingent survivor	2,716	2,597	119
100% to contingent survivor	<u>8,318</u>	<u>8,055</u>	<u>263</u>
TOTAL RETIREMENT BENEFIT OPTIONS SELECTED	53,115	51,452	1,663
Disability retirements	3,065	3,063	2
Beneficiary (member died before retiring)	<u>466</u>	<u>465</u>	<u>1</u>
TOTAL – All types	<u>56,646</u>	<u>54,980</u>	<u>1,666</u>

*System totals include 1,033 retirees receiving ad hoc benefits from Plan assets as stated in Watson Wyatt Worldwide's actuarial certification statement.

